

lation as is necessary for that purpose; to the Committee on Agriculture.

8210. By Mr. HEALEY: Memorial of the City Council of Malden, Mass., favoring legislation relative to the placing of higher tariff on such foreign-made articles which are in competition with our home industries; to the Committee on Ways and Means.

8211. Also, memorial of the Board of Aldermen of Medford, Mass., opposing the existence of any processing tax in the cotton industry, which is vitally affecting the industry in Massachusetts; to the Committee on Ways and Means.

8212. By Mr. JOHNSON of Texas: Memorial of Mrs. C. A. Teeple, corresponding secretary Woman's Christian Temperance Union, Corsicana, Tex., favoring House Joint Resolution 159; to the Committee on the Judiciary.

8213. Also, memorial of Lt. Carl E. Green, Fort Randolph, Canal Zone, Panama, favoring House bill 5071; to the Committee on Military Affairs.

8214. By Mr. KING: Petition of the Eighteenth Legislature of the Territory of Hawaii, declaring that the Territory of Hawaii shall be made a State, and requesting and urging the Congress of the United States of America to pass an enabling act authorizing the people of the Territory of Hawaii to form a constitution and a State government to be admitted into the Union on an equal footing with the original States; to the Committee on the Territories.

8215. By Mr. MURDOCK: Resolution of the Kamas Valley National Farm Loan Association, of Kamas, Utah, urging the enactment of legislation designed to reduce interest rates on agricultural loans; to the Committee on Agriculture.

8216. By Mr. PFEIFER: Petition of the American Manufacturing Co., Brooklyn, N. Y., concerning House bill 7348; to the Committee on Insular Affairs.

8217. Also, resolution of the Holy Name Society District Committee, Twenty-fourth District, Brooklyn Diocesan Union, New York, protesting against the religious persecution in Mexico; to the Committee on Foreign Affairs.

8218. By Mrs. ROGERS of Massachusetts: Petition of the Senate and House of Representatives of the State of Massachusetts, relative to protection of American industry and employees from foreign competition; to the Committee on Ways and Means.

8219. By Mr. RUDD: Petition of American Manufacturing Co., Brooklyn, N. Y., concerning House bill 7348; to the Committee on Insular Affairs.

8220. By Mr. SNELL: Petition of the Chamber of Commerce of Port Henry, N. Y., favoring enactment of legislation seeking readjustment of import duties on pig iron and iron ores; to the Committee on Ways and Means.

8221. By Mr. TRUAX: Petition of the Amalgamated Association of Iron, Steel, and Tin Workers of North America, Mansfield, Ohio, by David H. Creps, corresponding representative, urging whole-hearted support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8222. Also, petition of the Athens County Association for Protection for the Aged, Nelsonville, Ohio, by their secretary, William McCall, urging adoption of the Townsend plan as the American people do not want doles and paupers' pensions, and the plan will materially help to stop the worries of elderly people; to the Committee on Ways and Means.

8223. Also, petition of the National Brotherhood of Operative Potters, Tiffin, Ohio, by their secretary, Edison Foght, urging support of the Wagner-Connery labor relations bill; to the Committee on Labor.

8224. Also, petition of the Tobacco Workers' International Union, Toledo, Ohio, by their secretary, John O'Hare, favoring the Mead substitute bills (H. R. 7172 and H. R. 6990), which call for a 40-hour week for all postal employees; to the Committee on the Post Office and Post Roads.

8225. Also, petition of the Bakery Drivers Local 28, Springfield, Mo., by their secretary, Harold Roper, urging support of the Wagner-Connery labor relations bill and the Black-Connery 30-hour-week bill; to the Committee on Labor.

SENATE

FRIDAY, MAY 3, 1935

(Legislative day of Wednesday, May 1, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the calendar day Thursday, May 2, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following

Senators answered to their names:

Adams	Copeland	Lewis	Robinson
Ashurst	Costigan	Logan	Russell
Austin	Couzens	Loneragan	Schall
Bachman	Dickinson	Long	Schwellenbach
Bankhead	Dieterich	McAdoo	Sheppard
Barkley	Donahay	McCarran	Shipstead
Bilbo	Duffy	McGill	Smith
Black	Fletcher	McKellar	Steiwer
Bone	Frazier	McNary	Thomas, Okla.
Borah	Gerry	Metcalf	Thomas, Utah
Brown	Gibson	Minton	Townsend
Bulkeley	Glass	Moore	Trammell
Bulow	Gore	Murphy	Truman
Burke	Hale	Murray	Tydings
Byrd	Harrison	Neely	Vandenberg
Byrnes	Hastings	Norris	Van Nuys
Capper	Hatch	Nye	Wagner
Caraway	Hayden	O'Mahoney	Walsh
Carey	Johnson	Overton	White
Clark	Keyes	Pittman	
Connally	King	Pope	
Coolidge	La Follette	Radcliffe	

Mr. LEWIS. I announce the absence of the Senator from Connecticut [Mr. MALONEY], caused by illness, the absence of the Senator from North Carolina [Mr. BAILEY], caused by illness in his family, the absence of the Senator from Georgia [Mr. GEORGE], the Senator from Pennsylvania [Mr. GUFFEY], and the Senator from Montana [Mr. WHEELER], necessarily detained from the Senate, and the absence of the Senator from North Carolina [Mr. REYNOLDS] on official business.

Mr. AUSTIN. I wish to announce that the Senator from New Jersey [Mr. BARBOUR] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hal-tigan, one of its reading clerks, announced that the House insisted upon its disagreement to all Senate amendments except Senate amendments numbered 3, 58, and 60 to the bill (H. R. 6718) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1936, and for other purposes; that the House insisted upon its amendment to Senate amendment numbered 29 to the bill; that the House requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SANDLIN, Mr. CANNON of Missouri, Mr. TARVER, Mr. BUCHANAN, Mr. THURSTON, and Mr. BUCKBEE were appointed managers on the part of the House at the further conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 1488. An act for the relief of Rose Burke;

H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;

H. R. 2464. An act for the relief of C. H. Hoogendorn;
 H. R. 2473. An act for the relief of William L. Jenkins;
 H. R. 3098. An act for the relief of Bertha Ingmire;
 H. R. 3275. An act for the relief of Fred L. Seufert;
 H. R. 3370. An act for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.;

H. R. 3787. An act for the relief of Robert D. Hutchinson;
 H. R. 3911. An act for the relief of Sarah J. Hitchcock;
 H. R. 5133. An act for the relief of Nellie Oliver;
 H. R. 6084. An act to authorize the city of Ketchikan, Alaska, to issue bonds in any sum not to exceed \$1,000,000 for the purpose of acquiring the electric light and power, water, and telephone properties of the Citizens' Light, Power & Water Co., and to finance and operate the same, and validating the preliminary proceedings with respect thereto, and for other purposes;

H. R. 6223. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes; and

H. R. 7132. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Appropriations:

Chapter 69—Assembly Joint Resolution 51—Relative to memorializing the President and the Congress to enact legislation (H. R. 2772) declaring admission day a holiday for all officers and employees of the United States whose headquarters are in California

Whereas the 9th day of September is the day when all persons residing in California celebrate the admission of the Golden State into the Union; and

Whereas this day of celebration is one of great sentiment to the people of the State of California; and

Whereas the 9th day of September of each year is an official holiday for all public employees of the State of California and political subdivisions thereof; and

Whereas many organizations, together with the Native Sons of the Golden West, have sponsored the plan to allow officers and employees of the United States whose headquarters are in California to celebrate and honor the admission day of California; and

Whereas on January 3, 1935, there was introduced by Mr. ENGLEBRIGHT, of California, a bill known as "H. R. 2772", which proposes to declare the 9th day of September of each year, which is the date California was admitted to the Union, a legal holiday for all officers and employees of the United States whose headquarters are in the State of California: Now, therefore, be it

Resolved, That the Assembly and the Senate of the State of California, jointly, respectfully urge the President and the Congress of the United States to enact H. R. 2772, which proposes to provide a legal holiday for Federal employees; and be it further

Resolved, That the Governor of the State of California is hereby requested to transmit copies of this resolution to the President and the Vice President of the United States, and to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and that such Senators and Members from California are hereby respectfully urged to support such legislation.

The VICE PRESIDENT also laid before the Senate the following resolutions of the General Court of Massachusetts, which were referred to the Committee on Finance:

THE COMMONWEALTH OF MASSACHUSETTS, OFFICE OF THE SECRETARY, Boston.

Resolutions relative to protection of American industry and employees from foreign competition

Whereas it is apparent that competition with foreign countries can no longer be met, in many instances, by greater manufacturing efficiency or by further increases in tariffs; and

Whereas, owing to low wage scales in foreign countries, the instability of foreign exchanges and the disparity between the dollar and foreign currencies it is too frequently possible for foreign producers to send quantities of their goods into the American domestic market sufficient to break that market and prevent the sale therein of American-made products; and

Whereas such disruption of the American market seriously interferes with the employment and earnings of American workers: Therefore be it

Resolved, That the President of the United States be, and hereby is, requested to utilize fully the powers vested in him by section

3 (e) of the National Industrial Recovery Act to apply embargoes or establish quotas as a means of protecting American manufacturers, and thus American workers, against the losses they now suffer from foreign competition; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States, to the Presiding Officers of both branches of Congress, and to the Members thereof from this Commonwealth.

In house of representatives, adopted, April 23, 1935.

In senate, adopted, in concurrence April 26, 1935.

A true copy. Attest:

[SEAL]

F. W. COOK,

Secretary of the Commonwealth.

The VICE PRESIDENT also laid before the Senate petitions of sundry citizens of the State of New York, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a letter from Hon. Lino Padron Rivera, chairman of the special committee of the House of Representatives of Puerto Rico to investigate public works constructed by the P. R. E. R. A., relative to the manner in which the chief of the Emergency Relief Administration for Puerto Rico, Mr. James R. Bourne, is proceeding, and referring especially to one José Soto Rivera, chief of a division of the Puerto Rican Emergency Relief Administration, and also enclosing copy of opinion and decision rendered by the Supreme Court of Puerto Rico on January 14, 1932, on disbarment proceedings instituted against said José Soto Rivera, etc., which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate memorials of sundry citizens of Bradford, Pa., remonstrating against the enactment of the so-called "Wheeler-Rayburn public-utility regulation bill", which were ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from R. Lee Davis, supreme commander Veterans' Club of America, Orange, Tex., on behalf of that club, praying for the enactment of the so-called "Patman bonus bill", which was ordered to lie on the table.

Mr. LONERGAN (for Mr. MALONEY) presented a petition of sundry citizens of New Britain and vicinity, in the State of Connecticut, praying for the enactment of legislation establishing a central bank, as advocated by Rev. Charles E. Coughlin, which was referred to the Committee on Banking and Currency.

He also (for Mr. MALONEY) presented the petition of members of the Bridgeport (Conn.) Commercial Council (being telephone employees), praying that the words "or contribute financial or other support to it" be stricken out of section 8, page 10, paragraph (2), of Senate bill 1958, known as the "Wagner labor-disputes bill", which was ordered to lie on the table.

OLD-AGE PENSIONS

Mr. VANDENBERG presented resolutions adopted by the Old Age Pension Division, Modern Fraternal Union, Inc., Peoria, Ill., which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

PEORIA, ILL., April 20, 1935.

To the Honorable Senate of the United States of America:

Whereas the social security bill, as passed by the House of Representatives, in Washington, D. C., on April 19, 1935, is described by Congressmen as a pauper dole; and

Whereas President Franklin D. Roosevelt's message to the House of Representatives on June 8, 1934, contained the promise of security against the hazards and vicissitudes of life; and

Whereas Congressman Gearhart says the amount appropriated for this year for paying old-age pensions is but \$49,750,000 and that this amount will only give each pensioner \$6.56 a year, or 54 cents a month, to the 7,500,000 who are over 65 years of age: Therefore be it

Resolved by the Old Age Pension Division, Modern Fraternal Union, Inc., That we are very much dissatisfied and disappointed with the social security bill, as passed by the National House of Representatives, and herewith petition the United States Senate to amend the social security bill so that the promise of President Roosevelt may be realized, and the millions of old people, who are now in need may be taken care of; and be it further

Resolved, That the social security bill be so amended that the old-age pension shall take precedence over the other portions of the bill, and the minimum amount of the pension be \$30 a month for each of the old-age pensioners; and be it further

Resolved, That we ask your honorable body to make the social security bill a Federal bill, not dependent upon any State pension law, since it has been found that very few States are paying the old-age pensions, as required by law, on account of the depression, which is causing old people to suffer for want of the bare necessities of life; and be it further

Resolved, That we beg of the United States Senate not to allow this social security bill to become a partisan measure, but a relief measure for all old people over 65 years of age.

Signed by members of the executive committee of the supreme council, Old Age Pension Division, M. F. U., Inc.

[SEAL]

Rev. M. G. NEWMAN.
C. H. BEARD.
A. E. DUKE.

PROCESSING TAX ON COTTON

Mr. METCALF. Mr. President, I ask to have printed in the RECORD the body of a petition signed by 7,414 people asking that the processing tax be removed from cotton and that something be done for the employees of our closed cotton mills. It was transmitted to me by the Chamber of Commerce of Providence, R. I. I have received petitions signed by over 10,200 people of my State on the same subject. I have also received a resolution adopted by the Common Council of the City of Pawtucket, R. I. I shall not take the time of the Senate to read them, but I ask to have the body of the matter printed in the RECORD and the petitions appropriately referred.

There being no objection, the body of the petition and the resolution were ordered to be printed in the RECORD and referred to the Committee on Agriculture and Forestry, as follows:

[Chamber of Commerce of Providence, R. I.]

PETITION

To the President and the Congress of the United States:

We, the undersigned, citizens of the State of Rhode Island, do hereby petition you to take immediate steps to save from destruction the cotton-textile industry, upon which thousands of residents of Rhode Island and nearby States are dependent for their livelihood.

The serious plight of this industry cannot be overemphasized. Many mills in this State and in other New England States have been closed, never to open again, and others are on the verge of closing. As a result, thousands of people have been thrown out of employment, and the very existence of whole communities is seriously threatened.

We therefore most earnestly entreat you (1) to repeal the processing tax on cotton and (2) to enact legislation which will give adequate protection to the cotton-textile industry in this country against importations of goods manufactured by cheap labor abroad.
APRIL 10, 1935.

Resolution

Whereas it is generally recognized among both employees and employers in the textile industry of this city and State and other citizens who have been adversely affected thereby that the Federal processing taxes have greatly injured the continued operation of our textile businesses and have reduced employment of the people of the city of Pawtucket; and

Whereas the continued imposition of this form of taxation will further damage local industries of this city and cause even greater unemployment of many of the citizens of Pawtucket; and

Whereas in view of the opposition of large numbers of the people of this city and State and public officials of this and other States it appears necessary officially to offer the objections of the Common Council of the City of Pawtucket toward this unfair form of taxation, this expression being now particularly timely because of the present attitude of Federal officials toward the needs of this and other New England communities: Now, therefore, be it

Resolved, That this the Common Council of the City of Pawtucket, R. I., strongly protests the continued imposition of this tax and requests that the Secretary of Agriculture and the President of the United States take steps to relieve the hardships created because of this tax; and be it further

Resolved, That copies of this resolution be forwarded by the clerk of the common council to the President of the United States, to the Secretary of Agriculture, and to the United States Senators from Rhode Island.

A true copy.

Attest:

JAMES L. KARENUL,
City Clerk.

EXTENSION OF NATIONAL INDUSTRIAL RECOVERY ACT

Mr. WAGNER. I ask to have printed in the RECORD and to lie on the table certain telegrams which I have received, one from the Ludlum Steel Co., one of the small units of the steel industry, another from the Apparel Industries Committee, another from the Clothing Manufacturers' Association of the United States, another from the Clothing Manufac-

turers' Exchange, one from the Allied Hat Manufacturers of New York, and other telegrams, all urging the passage of legislation which will extend the N. R. A. for a period of 2 years.

There being no objection, the telegrams were ordered to lie on the table and to be printed in the RECORD, as follows:

WATERVLIET, N. Y., May 1, 1935.

Senator ROBERT F. WAGNER:

Ludlum Steel Co., one of the small units of the steel industry, desires your support in securing extension of National Industrial Recovery Act for period of 2 years. We believe N. R. A. has helped stabilize business conditions over last 2 years and has been a protection to the smaller units rather than otherwise, but that most of good accomplished would be sacrificed if N. R. A. is not extended for reasonable period.

LUDDLUM STEEL CO.,
H. G. BATCHELLER, President.

NEW YORK, N. Y., May 2, 1935.

Hon. ROBERT F. WAGNER,

Personal, Washington, D. C.:

Apparel industries, comprising approximately 20,000 units, wants and desperately needs N. R. A. We urge you to give us immediate extension of N. R. A. in unemasculated form for 2 years. We need long breathing space to function under codes without fear of repetition of present devastating period of indecision. Any make-shift would increase, accentuate, and perpetuate the uncertainty which is our great handicap to recovery.

APPAREL INDUSTRIES COMMITTEE FOR
THE RENEWAL OF N. R. A.

NEW YORK, N. Y., May 2, 1935.

Hon. ROBERT F. WAGNER,

Senate Chamber:

We have today wired membership Senate Finance Committee "The Clothing Manufacturers' Association of the United States, America, a country-wide organization representing 80 percent of the clothing industry in the United States, wishes to register vehement protest against the proposed short-term extension of the N. R. A. We urge your support of the improved Harrison bill providing for a 2-year extension. We believe that the country will be thrown back into a depression surpassing that from which the N. R. A. rescued industry if the act is not extended for a minimum of 2 years." We entreat your active support of the legislation.

CHARLES D. JAFFEE,
Vice President Clothing Manufacturers' Association of the
United States of America, 225 Fifth Avenue, New York
City.

NEW YORK, N. Y., May 2, 1935.

Hon. ROBERT F. WAGNER,

Senate Chamber:

We have today wired membership Senate Finance Committee as follows: "The New York Clothing Manufacturers Exchange, with a membership of 220 men's clothing manufacturers and representing \$300,000,000 annual output of men's clothing in the Greater New York area, appeals to you for favorable action on improved Harrison bill providing for 2-year extension of N. R. A. We believe that a short-term extension of N. R. A. will result in a return to the chaotic conditions rampant in industry before the enactment of the N. I. R. A., and implore your support of an extension of at least 2 years." We urge you use your efforts in favor of this legislation.

JULIUS H. LEVY, Executive Secretary,
New York Clothing Manufacturers Exchange, Inc.,
22 East Seventeenth Street, New York City.

NEW YORK, N. Y., May 2, 1935.

Senator ROBERT F. WAGNER,

Senate Building, Washington, D. C.:

This trade association, representing 82 manufacturers, wishes to go on record for the extension of the N. I. R. A. for a 2-year period. Much good has resulted through the N. R. A., and it will be to the interest of the industry to have it continue for 2 years. The proposed extension for 10 months would prolong the uncertainty of industry and chaos may result therefrom. We further protest against the Clark plan, and wish to emphasize the importance of code authorities being administered by industry members. Your support is earnestly solicited, for the association represents the type of manufacturers who have benefited by the N. I. R. A.

ALLIED HAT MANUFACTURERS, INC.,
LOUIS R. GOODMAN, President,
13 Astor Place, New York City.

UTICA, N. Y., May 2, 1935.

Hon. R. F. WAGNER,

Senate Building, Washington, D. C.:

Your favorable support for extension of N. R. A. and passage of following bills greatly urged by Local 753, United Textile Workers of America: Wagner No. 6288, Connery Nos. 6450 and 141, Byrnes No. 2039.

STEPHANIE KLOSEK, Secretary,
68 Burrstone Road, New York Mills, N. Y.

NEW YORK, N. Y., May 2, 1935.

Senator ROBERT F. WAGNER,

Senate Office Building, Washington, D. C.:

The independent retail pharmacists of New York City, which this organization officially represents, are greatly distressed over newspaper reports that President Roosevelt is apparently receding from his determination to extend N. R. A. for 2 years. We feel that action of Senate Finance Committee will only cause great business uncertainty. We urge you, on behalf of our industry locally, to appeal to President Roosevelt not to recede from his original position, which, in our opinion, is the only correct position.

FRANK L. GRENNIE,
President New York Pharmaceutical Council,
535 Fifth Avenue, New York, N. Y.

REPORTS OF COMMITTEES

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 2642) to incorporate the American National Theater and Academy, reported it without amendment.

Mr. THOMAS of Utah, from the Committee on Mines and Mining, to which was referred the bill (S. 2027) to regulate commerce in petroleum, and for other purposes, reported it with amendments and submitted a report (No. 576) thereon.

INVESTIGATION OF THE MUNITIONS INDUSTRY—REPORT

Mr. NYE. Mr. President, on April 11 there came from the House of Representatives to the Senate the bill (H. R. 5529) to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense and promote peace. The bill was referred to the Special Committee on Investigation of the Munitions Industry, which committee now reports the bill with amendments and submits a report (No. 577) thereon.

There has been an understanding that when the committee reported the bill it would be referred to the Committee on Military Affairs. Therefore I ask that the bill be referred to the Committee on Military Affairs.

Mr. JOHNSON. Mr. President, does the bill contain references to our neutrality laws or suggest any policy in respect to them at all?

Mr. NYE. Mr. President, the bill deals with no neutrality feature whatsoever. It is confined strictly to the control of profits in time of war.

The VICE PRESIDENT. On request of the Senator from North Dakota, the bill will be referred to the Committee on Military Affairs.

Mr. NYE. Mr. President, I desire to submit to the Senate the report of the committee in connection with this bill and to call to the attention of the Senate the fact that the committee does not feel that the consideration of the bill and the report are by any means the most urgent obligation upon the committee named to investigate the munitions industry. Far more important do we consider the task of providing control of the munitions industry in both war and peace time. The committee is continuing its investigations in those fields and will be reporting to the Senate from time to time, and, in order that it may complete its work, it has authorized the chairman of the committee to report a resolution, which is reported at this time, to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The report (No. 577) on House bill 5529 which the committee is submitting I ask to have printed and to be placed on the desks of Senators.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXPENSES OF SPECIAL COMMITTEE ON INVESTIGATION OF THE MUNITIONS INDUSTRY

Mr. NYE, from the Special Committee on Investigation of the Munitions Industry, reported a resolution (S. Res. 129), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the special committee appointed by the Vice President under authority of Senate Resolution 206, agreed to April 12, 1934, to investigate the munitions industry, hereby is authorized to expend from the contingent fund of the Senate \$45,000 in addition to the amount heretofore authorized to be expended for the purposes set forth in said resolution.

ADDITIONAL CLERK FOR INTERSTATE COMMERCE COMMITTEE

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred Senate Resolution 117, submitted by Mr. WHEELER on April 11, 1935, reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Committee on Interstate Commerce is hereby authorized to employ for the remainder of the session of the Senate an assistant clerk, to be paid from the contingent fund of the Senate at the rate of \$1,800 per annum.

HEARINGS BEFORE COMMITTEE ON POST OFFICES AND POST ROADS

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred Senate Resolution 121, submitted by Mr. McKELLAR on April 25, 1935, reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, hereby is authorized during the Seventy-fourth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions and recesses of the Senate.

HEARINGS BEFORE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported a resolution (S. Res. 128), which was considered by unanimous consent and agreed to, as follows:

Resolved, That the Committee to Audit and Control the Contingent Expenses of the Senate, or any subcommittee thereof, hereby is authorized during the Seventy-fourth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundreds words to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DUFFY:

A bill (S. 2745) to authorize the Secretary of War to appoint to the United States Military Academy one cadet from among the honor graduates of each of certain educational institutions; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 2746) for the relief of Warren G. Brickey; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2747) to authorize Canal Dredging Co. to bring suit in the Court of Claims against the United States for additional compensation under contract terminated as for the Government's best interests; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 2748) for the relief of Arthur Edgar Scroggin; to the Committee on Military Affairs.

By Mr. CLARK:

A bill (S. 2749) granting a pension to Retta Tunnell; to the Committee on Pensions.

By Mr. LONERGAN (for Mr. MALONEY):

A bill (S. 2750) for the relief of Horace Franklin McMahon; to the Committee on Naval Affairs.

By Mr. NEELY:

A bill (S. 2751) for the relief of Walter C. Price and Joseph C. Lesage; to the Committee on Claims.

A bill (S. 2752) granting a pension to Jennie Tewksbury; to the Committee on Pensions.

By Mr. VAN NUYS:

A joint resolution (S. J. Res. 116) authorizing the President of the United States of America to proclaim October

11, 1935, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

BOARD OF REGENTS OF SMITHSONIAN INSTITUTION

Mr. ROBINSON. Mr. President, I ask consent to introduce two joint resolutions providing for appointments to the Board of Regents of the Smithsonian Institution, and I also ask unanimous consent for their present consideration.

The VICE PRESIDENT. Without objection, the joint resolutions will be received. Is there objection to the present consideration of the joint resolutions? The Chair hears none.

The Senate proceeded to consider the joint resolution (S. J. Res. 117) to provide for the reappointment of Frederic A. Delano as a member of the Board of Regents of the Smithsonian Institution, which was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of Frederic A. Delano, of the city of Washington, on January 21, 1935, be filled by the reappointment of the recent incumbent (Frederic A. Delano) for the statutory term of 6 years.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The Senate proceeded to consider the joint resolution (S. J. Res. 118) providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, which was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of Irwin B. Laughlin, on January 21, 1935, be filled by the appointment of Roland S. Morris, a citizen of Pennsylvania, for the statutory term of 6 years.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXPERIMENTAL FARM AT BELTSVILLE, MD.—E. W. SHEETS

Mr. CAREY. Out of order, I ask unanimous consent to submit a resolution which I ask to have read.

The VICE PRESIDENT. Without objection, the clerk will read.

The Chief Clerk read the resolution (S. Res. 126), as follows:

Resolved, That the Committee on Appropriations, or any duly authorized subcommittee thereof, is authorized and directed to investigate the cost of the construction, development, and expansion of the experimental farm of the Department of Agriculture at Beltsville, Md., and to investigate the circumstances connected with the demotion or dismissal of E. W. Sheets, formerly head of the Division of Animal Husbandry of the Bureau of Animal Industry in the Department of Agriculture, with a view to determining the connection, if any, between such demotion or dismissal and the construction, development, and expansion of said experimental farm. The committee shall report to the Senate, as soon as practicable, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth and succeeding Congresses, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$1,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman.

Mr. CAREY. I ask to have the resolution referred to the Committee on Appropriations.

The VICE PRESIDENT. The resolution will be referred to the Committee on Appropriations.

Mr. ROBINSON. Mr. President, I inquire why the Senator seeks to have the resolution referred to the Committee

on Appropriations. Is not the jurisdiction in the standing Committee on Agriculture and Forestry?

Mr. CAREY. The funds used were out of the public-works funds which were appropriated by the Appropriations Committee.

Mr. ROBINSON. I understand, but the substance of the resolution pertains to agriculture, and the standing Committee on Agriculture and Forestry would seem to have jurisdiction. I ask that the matter of reference be passed over for the present.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Subsequently the resolution was ordered to lie over under the rule.

HEARINGS BEFORE THE COMMITTEE ON PATENTS

Mr. McADOO submitted the following resolution (S. Res. 127), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents, or any subcommittee thereof, hereby is authorized during the Seventy-fourth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

IMPORTATIONS OF COTTON CLOTH INTO THE PHILIPPINES

Mr. GIBSON. Mr. President, a great deal has been said recently with respect to the cotton situation. It is apparent we are losing our trade abroad, both for raw cotton and for cotton cloth.

For several years the Philippines have been our best customers of any political subdivision in the entire world for cotton cloth, bleached and unbleached. We are losing that trade to Japan.

The extent to which the consumption has gravitated away from the United States is clearly shown by a report of our trade commissioner located at Manila and made within recent months.

This report shows that imports or unbleached cotton cloth from Japan increased 858 percent in 1934 over 1933, while the imports from the United States declined 12 percent; that imports of bleached cotton cloth from Japan increased 308 percent, while the imports from the United States declined 25 percent; that the imports from Japan of dyed cotton cloth increased 133 percent, while the imports from the United States declined 51 percent; that the imports of printed cotton cloth from Japan increased 190 percent, while the imports from the United States declined 43 percent.

The report shows that for all these grades the imports from Japan increased 192 percent, while the imports from the United States decreased 43 percent.

I ask unanimous consent that a portion of the report showing the importations may be printed in the CONGRESSIONAL RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

1934 IMPORTS OF COTTON-PIECE GOODS TO THE PHILIPPINE ISLANDS FOR 9 MONTHS ENDING SEPTEMBER 30, 1934

While imports of all classes of cotton-piece goods from the United States have declined, imports from Japan have registered very substantial increases. Total imports of cotton-piece goods from Japan advanced from 13,826,353 square meters during the first 9 months of 1933 to 40,363,933 square meters for the similar period of 1934—an increase of 192 percent. For the same period imports of cotton-piece goods from the United States declined from 59,514,522 square meters to 33,892,152 square meters—a decline of 43 percent. With the exception of a small increase in dyed cotton-piece goods imports from Great Britain, imports of cotton-piece goods from all other countries declined during this 9-month period. During this 9-month period imports of cotton-piece goods from all countries were only about 625,000 square meters less than a year ago, which further reveals the heavy gains made by Japan in the trade formerly held by American cotton-piece goods importers. The following statement includes imports of cotton-piece goods into the Philippine Islands for the first 9 months of this year and for the similar period of 1933:

	1934	1933	Percent increase (+) or decrease (-)
Unbleached:	<i>Square meters</i>	<i>Square meters</i>	
United States.....	5,342,742	6,852,008	-12
Japan.....	2,385,061	249,612	+858
Other countries.....	211,558	404,561	-48
Total.....	7,940,361	7,506,181	+6
Bleached:			
United States.....	10,566,673	14,033,650	-25
Japan.....	8,711,464	2,133,395	+308
Switzerland.....	1,085,366	1,483,844	-27
Great Britain.....	1,062,106	1,136,948	-7
Other countries.....	145,508	529,897	-72
Total.....	21,571,117	19,317,734	+12
Dyed:			
United States.....	12,541,335	25,804,343	-51
Japan.....	15,815,094	6,800,538	+133
China.....	1,318,420	1,784,617	-16
Great Britain.....	1,388,801	1,002,887	+38
Other countries.....	374,843	615,775	-39
Total.....	31,438,493	36,008,160	-13
Printed:			
United States.....	5,441,402	12,824,521	-58
Japan.....	13,451,314	4,642,808	+190
Other countries.....	135,611	304,762	-56
Total.....	19,028,327	17,772,091	+7
Total:			
United States.....	33,892,152	59,514,522	-43
Japan.....	40,363,933	13,826,353	+192
Other countries.....	5,722,213	7,263,291	-21
Grand total.....	79,978,298	80,604,166	-1

COMPARISON OF IMPORTS FROM SHIPS' MANIFESTS, 1933 AND 1934

An interesting trend in the imports of cotton piece goods, cotton yarns, underwears, hosierys, cotton ducks, and rayon goods from the United States and Japan is determined from the attached statement supplied by the author of the above memorandum. For the 12-month period ending November 1933 imports of these goods from the United States amounted to 68,870 packages as compared with 34,516 packages from Japan. In striking contrast to this, imports of these goods from the United States for the 12-month period ending November 1934 amounted to 36,194 packages and from Japan, 67,098 packages—a reversal of the trade insofar as the source of supply is concerned. Imports for this period of 1934 from Europe aggregating 7,638 packages showed a decline as compared with the similar period of 1933, when imports amounted to 8,814 packages. Imports from China (Shanghai and Hong Kong) declined from 7,430 packages in 1933 to 6,883 packages for the same 12-month period of 1934.

COMPARATIVE ARRIVALS TAKEN FROM MANIFESTS OF INCOMING SHIPS OF COTTON PIECE GOODS, COTTON YARNS, UNDERWEARS, HOSIERIES, COTTON DUCKS, AND RAYON GOODS FOR 12-MONTH PERIODS ENDING NOV. 30, 1933 AND 1934

	United States of America	Japan	Europe	Shanghai	Hong Kong
	<i>Packages</i>	<i>Packages</i>	<i>Packages</i>	<i>Packages</i>	<i>Packages</i>
December 1932.....	4,075	4,528	488	443	456
January 1933.....	7,047	1,897	988	207	306
February 1933.....	5,364	1,857	566	367	383
March 1933.....	12,499	1,531	689	352	120
April 1933.....	8,677	1,563	776	345	120
May 1933.....	5,499	1,710	999	220	96
June 1933.....	5,238	1,734	110	416	239
July 1933.....	4,692	3,097	818	311	220
August 1933.....	5,639	4,189	1,463	1,007	203
September 1933.....	4,665	2,848	539	377	185
October 1933.....	2,559	4,483	462	469	336
November 1933.....	2,916	5,088	486	277	95
Total.....	68,870	34,516	8,814	4,771	2,659
December 1933.....	3,642	6,228	674	208	122
January 1934.....	4,101	3,738	484	489	135
February 1934.....	5,020	4,161	367	336	84
March 1934.....	2,144	5,748	518	614	100
April 1934.....	5,402	6,837	1,022	332	73
May 1934.....	2,910	5,407	1,256	565	201
June 1934.....	3,417	7,308	714	559	238
July 1934.....	1,505	4,433	564	464	73
August 1934.....	2,200	6,539	665	317	124
September 1934.....	1,904	4,605	905	530	123
October 1934.....	1,771	5,653	287	458	135
November 1934.....	2,138	6,441	183	552	49
Total.....	36,194	67,098	7,638	5,426	1,457

OCEAN MAIL CONTRACTS

Mr. BLACK. Mr. President, a few moments ago there was placed on the desk of each Senator a print of a portion of the report with reference to ocean mail contracts, submitted to the President by the Postmaster General, Mr. Farley.

It is not the entire report. It deals with the first 11 contracts only. I am calling the attention of Senators to the report in order that they may take advantage of the opportunity to give it such investigation as they may desire.

I wish to state in this connection that this report was made after an open public hearing by the Postmaster General. Information which was in the hands of the special Senate committee was turned over to the Post Office Department, and they then summoned witnesses, and permitted the contractors to be represented by counsel. The hearing was in progress for some months. Thereafter a general report was made by Mr. Farley on these contracts, and a special report was made on each individual contract.

The reports now being printed are the individual reports. The present print comprises the first 11 of them; and as the reports on the other contracts are printed, they also will be placed on the desk of each Senator for consideration and study.

EXTENSION OF THE N. R. A.

Mr. LA FOLLETTE. Mr. President, under date of May 3, 1935, the executive council of the American Federation of Labor delivered a message to the President of the United States. I have been requested to have the message inserted in the RECORD, and I ask that it may be printed as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., May 3, 1935.

MR. PRESIDENT: The executive council of the American Federation of Labor is deeply concerned over the action of the Senate Finance Committee in approving a resolution extending the National Recovery Act for a period of 10 months. We interpret such action as an abandonment of the administration's national-recovery program. In the opinion of the executive council, it represents a total disregard of the seriousness of the unemployment situation which prevails throughout the Nation, and a lack of appreciation of the value of the remedies which, under your Executive authority, have been applied to the economic ills of the Nation.

Through the application of the provisions of the National Recovery Act, which has been in effect since June 16, 1933, constructive plans have been followed and practical methods have been employed in all the heroic efforts which have been put forth to overcome unemployment. Even the most uncompromising foe of the National Recovery Act is forced to admit that through its operation child labor has been abolished, minimum rates of pay for unprotected workers have been lifted to a higher level, hours of labor have been reduced, many reprehensible unfair trade practices have been eliminated, and work opportunities created for millions of unemployed.

Your recommendation that a more effective and more constructive National Recovery Act be enacted by the Congress of the United States for a period of 2 years represents, in our opinion, the minimum legislative requirement which should become operative at this most important period in our national life. Nothing less will meet the urgent needs of the serious unemployment situation which prevails throughout the Nation. It is the emphatic opinion of the executive council that a continuation of the National Recovery Act for a period of 10 months as provided for in the joint resolution recommended by the Senate Finance Committee, will be regarded by labor throughout the Nation as a congressional abandonment of your national recovery policy and as the liquidation of the National Recovery Act. It represents, in our opinion, the end of the definite economic policy inaugurated under the new deal and a return to the old industrial, social, and economic policies administered by the reactionary forces of the Nation, and which human experience and history show were directly responsible for the distressing unemployment situation through which the Nation has passed during the last 5 years.

The joint resolution, if adopted by Congress, will take the heart out of the National Recovery Act. It is estimated that it will deprive 75 percent of working people of the benefits of section 7 (a), child-labor prohibition, minimum rates of pay, and maximum hours of employment as incorporated in industrial codes of fair competition. The National Recovery Act for the next 10 months would be a skeleton, a shadow, applicable to a small minority of workers employed in industries engaged in only what might be technically determined as interstate commerce.

The executive council would rather see the National Recovery Act abandoned, terminated, or repealed than emasculated and adopted for a 10-month period as recommended by the Senate Finance Committee.

The executive council feels justified in calling upon the friends of labor in Congress to vote against Senate Joint Resolution 113, proposed by the Senate Committee on Finance, and to decisively defeat it. We feel that the facts warrant an appeal to Congress to give the Nation nothing less than the 2-year extension of the National Recovery Act recommended by you in such a convincing way in your message to Congress on February 20, 1935.

In the opinion of the executive council the situation created through the action of the Senate Finance Committee is alarming. The working people of the Nation view with feelings of apprehension the amazing action of the Senate Finance Committee. Resentment, protest, social unrest, industrial strife, and strikes, in our opinion, will occur if the Congress of the United States adopts Senate Joint Resolution 113. We hold that the adoption of this joint resolution will represent a complete retreat and surrender to reactionary forces. Such action at this critical period of the Nation's history is unthinkable. Instead, we must go forward, attacking vigorously the problem of unemployment until we overcome it and achieve success.

We pledge to you, Mr. President, a full measure of support in your efforts to secure a continuation of the National Recovery Act for 2 years, with the suggested amendments which experience has shown are necessary. We will support you without reservation in your patriotic and constructive fight to achieve this legislative objective.

INVESTIGATION OF AFFAIRS IN THE PHILIPPINE ISLANDS—REPORT

Mr. McKELLAR. Mr. President, last fall a subcommittee of the Committee on Territories and Insular Affairs of the Senate went to the Philippine Islands. I have a separate report, as a member of the subcommittee, which I desire to have printed in the RECORD. I ask unanimous consent that it may be printed in the RECORD, and also that it may be printed as a Senate document.

I also ask to have printed at the end of the report a newspaper article which I send to the desk.

The VICE PRESIDENT. Is there objection?

There being no objection, the report was ordered to be printed as a Senate document (S. Doc. No. 57) and to be printed in the RECORD, with the accompanying newspaper article, as follows:

TO THE PRESIDENT OF THE SENATE:

As a member of a subcommittee of the Committee on Territories and Insular Affairs of the Senate, appointed at the request of the President in pursuance of a resolution of the Philippine Legislature asking that a committee or subcommittee visit the Philippines and make an investigation and report to the Congress on the subject of possible "inequalities or injustices" of the Tydings-McDuffie Act, approved March 24, 1934, I beg to state that in company with Senator TYDINGS, chairman, Senator McADOO, and Senator GRISON, I visited the islands, and, with them, made as thorough an investigation of the conditions in the islands as possible in the time of our command. Not agreeing in all respects with the other members of the subcommittee, I desire to submit a separate report. It is proper to say that Senator CARL HAYDEN, of Arizona, was also a member of the subcommittee; but he visited the Philippines last summer, and has already made a report of his findings.

VISIT OF THE SUBCOMMITTEE

Our subcommittee left Los Angeles on November 14, 1934. We stopped at Honolulu, and stayed in Hawaii 4 or 5 days. Then we went to Yokohama, where we landed on November 22. We drove to Tokyo, and, after spending 2 days there, took a train, going through what is known as industrial Japan, sometimes called the heart of Japan, and rejoined our ship at Kobe. From there we went to Shanghai, stopping over a day and night; then to Hong Kong, where we spent a day and night.

We landed at Manila on December 9. We spent some 3 weeks in the Philippines. We visited the four largest islands in person, taking the evidence of all aggrieved persons who desired to be heard, making inquiries from all possible sources, receiving memorials from various citizens, corporations, public and quasi-public bodies, conferring daily with leaders, talking informally with all classes of people, Filipinos, Americans, and any others who wished to be heard. I think we obtained a very good picture of the economic, social, financial, and political condition of the islands.

Specifically, we visited in person the islands of Luzon, Panay, Negros, and Mindanao.

During our stay we had the most efficient and cordial aid of the present Governor General of the islands, Gov. Frank Murphy, and of his entire and most efficient staff. It is due Governor Murphy to state here that he is making a splendid Governor of the islands. He has become a great student of Filipino affairs, is popular with all classes of people, is able, alert, courageous; and so far as I could see and learn, no one is better posted concerning the islands and their problems than he is.

We also had the active aid and advice of Gen. Frank Parker, commander of our armed forces in the islands. He is a very

energetic, well-informed, and capable officer. Admirals Upham and Allen also gave us most courteous aid, and were most helpful in furnishing us information and advice.

The president of the Philippine Senate, Manuel L. Quezon—well known in the United States, where he served long and faithfully in Washington as Delegate from the islands—is a fine man, able, gifted, eloquent, and with the most remarkably delightful personality. He gave us every aid and help in his power. Messrs. Osmeña, Roxas, Alunan, Paredes, and many other able Filipino leaders, as well as judges of the supreme court—among whom were Judge Thomas A. Street, an American, and Chief Justice Avanceña, a pure Filipino—were most helpful and courteous. They gave us much information.

We also talked several times with General Aguinaldo, the Filipino leader prior to and during the Spanish-American War. Although General Aguinaldo is no longer a young man, he is still powerful and helpful. We had the benefit of his views. We also conferred with leaders in business, in banking, in professional life, in agriculture, in education, in newspaper work, and in every walk of life.

Practically all those whom we consulted wanted Philippine independence; but all, or practically all, expressed the greatest fears in the event of independence on three important subjects:

One was the fear of economic collapse if the Filipinos should not secure a trade agreement under which they could indefinitely sell their products free of duty in America after their independence was granted.

A second fear was of outside aggression. In other words, if given independence without an army or a navy or an air corps, and admittedly being unable financially to build up a military defense strong enough for their protection, they greatly fear the islands would be overrun and taken over by a stronger military and naval power.

A third fear is that the islands could not stand the export tax levied under the Tydings Act for the payment of their unpaid bonds which the United States Government had substantially and morally guaranteed.

HISTORY AND PRESENT CONDITIONS OF THE PHILIPPINES

The Filipino people are Malays. How long they have inhabited the islands is not definitely known, but some of them were there probably many hundreds of years ago. In 1570, Legaspi, acting for Spain, took over the islands, and for about 329 years after that time the islands were under the absolute control of Spain. When they were taken over there were about 500,000 people in the islands. Incidentally, the islands themselves are something more than 7,000 in number. Spain ruled the Filipinos until 1898—as I stated before, a period of 329 years—and when the Spanish rule ceased there were about 6,700,000 people in the islands.

Spain gave them little except the Christian religion. She did give most of them that. Theirs is the only Christian nation in the Far East. According to the census of 1918, there were about nine and one-half million Christians in the islands. The remainder were either Moslems or pagans. At the present time the Christians compose about 91 percent of the population, the Moslems about 4 percent, and the pagans about 5 percent.

Prior to the Spanish rule the Portuguese, the English, the Chinese, the Japanese, and the Dutch had severally attempted to obtain control of the islands; but, with the exception of the Chinese, their stay left little impression. The Chinese have always traded in the islands and are still among their leading merchants and traders, though they are now being rapidly supplanted by the Japanese. Apparently, Spanish control was never beneficial to the Filipinos. During that occupation they gained little in moral fiber, in education, or in wealth. They were constantly revolting against Spanish rule, and had been engaged in a revolution led by General Aguinaldo shortly before Dewey sank the Spanish Fleet in Manila Bay May 1, 1898. Just prior to Admiral Dewey's celebrated victory, however, the Spanish Government had made a treaty with General Aguinaldo by which peace was restored, and the Spanish Government paid to General Aguinaldo the sum of \$400,000 to compensate the Filipinos for certain losses and to restore good feeling.

It is proper to say at this point that the members of the subcommittee, during their recent visit, were entertained by General Aguinaldo in his home at Cavite. The general is about 65 years of age, looks about 45, and is a quiet, modest man. He has a lovely family and home, and was most cordial and hospitable to us. He is tremendously interested in immediate Philippine independence. He does not want to wait at all, and is willing to take independence on the chance of being able to protect the islands, both economically and from being overrun by other powers. General Aguinaldo frankly stated, however, that he realized the danger from both sources. The day we were at his home 5,000 of his old soldiers were present, dressed in uniform, and they marched in front of the house for our benefit. It was said that they came from all parts of the islands voluntarily, and at their own expense, to take part in the parade. It is also fair to state that General Aguinaldo made a good impression on the subcommittee.

Returning to the Filipinos and their questions generally, the great body of them are Malay, speaking some 60 dialects. Attempts have been made to divide the Filipinos into tribes. I do not believe this can be done. They all look much the same, whether Tagalog, Moro, or Igorrote. So far as my unpracticed eye could discern, they all looked alike, being much the same in build, in color, in habits, and in customs. They are for the most part a quiet, gentle, hard-working and worthy people. I believe they are probably the most enlightened of all the Malays, certainly the most so of all those I saw, and I visited several Malay countries. Since

American occupation, nearly 37 years ago, they have evidently made real progress in wealth, in standards of living, in education, in population, in the development of their natural resources, and in their ambitions and ideals of life. Certainly this is true of the better classes of their population. Under American direction and control, and especially since the Jones Act passed in 1916, giving them a virtual autonomy of government with an American governor, they have done well in the conduct of their government. It is true that this in a measure was due to the leadership and guidance of the Governor General and the stabilizing influence of the able mixed supreme court.

The great body of the Filipinos—the farmers, the laborers, and the ordinary run of the people—apparently take little interest in government. On the other hand, they have some very able and constructive leaders who compare favorably with the leaders of other nations. They have some excellent and substantial business men, though most of their business is done by Chinese, Japanese, English, Americans, or mestizos. They have able and ingenious lawyers, some remarkably bright and active newspaper men, skillful doctors, and members of other professions. Under the leadership and inspiration of America they have acquired an excellent school system, fairly good schoolhouses, good teachers, some colleges, and quite a number of learned and literary men, some of these very able and gifted. Under the impulse of American precept and example they are making considerable headway in education. Their standards of living are much higher than those of any other eastern people. I visited, personally, many public schools, and know that they are doing very well in education. The teachers were usually Filipino women, with Filipino men superintendents, and English was taught. In more than a dozen schools the children sang songs like America and Philippines, My Philippines to the tune of Maryland, My Maryland.

In agriculture, however, the Filipinos are proceeding along lines of centuries ago. They plow with carabao. They do not even use horses and mules in their fields, much less agricultural machinery. They dig and grub, often knee-deep in water, planting rice grain by grain. After it has matured they reap it stalk by stalk, and then, in many cases, thresh it out with their feet. Rice is their principal crop.

For the most part the people live in villages composed of the most rickety kind of bamboo houses, with no sanitation, and necessarily very damp during the heavy rains of the rainy season. The people pay little attention to rain, however, and when their clothes get wet they let them dry on their bodies. They live principally on rice and fruits. Sugarcane is grown principally by the large planters or by the native farmers in the old way and turned over to the large planters or mills on a share basis. Coconut groves are everywhere. As the Filipinos are overwhelmingly farming people, it is seen that this portion of them, living and digging as they do, cannot be much concerned in governmental affairs. Twenty-nine percent of the people are engaged in domestic or personal service. These figures are taken from a recent book by former Senator Hawes. Thus, quite three-fourths of the people are so situated that it is impossible for them to take much part in government, and, so far as I could tell, they are unfitted to do so. Former Senator Hawes, on page 69 of his book, says that 11 percent of the people are engaged in professional occupations. While I think this figure is high, this class constitutes the ruling class, and I should say its members are fitted for self-government, other things being conducive thereto. The remainder of the people are little concerned in public affairs of any kind.

In connection with agriculture, it should be said that the Filipinos export 60 percent of all they raise, and 86 percent of this 60 percent goes to America free of duty. It is seen, therefore, how absolutely dependent these people are on the tax-free markets in America. They sell in our markets about twice as much as they buy from us, their sales being largely of sugar, copra, tobacco, and hemp.

The islands are very rich in natural resources, and at this time the common people—and, indeed, all of the people—seem to be unusually prosperous. In my judgment, they will be, as long as they have free American markets in which to sell their sugar, copra, tobacco, and hemp.

The lands are most productive. Their sugarcane compares favorably with the sugarcane of Hawaii, Java, or any other sugarcane-raising country. Their coconuts are as good as or better than the coconuts of other countries. Their hemp is world-famous. They have 45 sugar factories, or "centrals", as they are called in the islands. On the island of Negros there is almost an aristocracy of wealth, due to the large number of sugarcane factories and rich cane plantations. These growers and manufacturers pay good wages, keep up their lands and properties in fine style, and apparently their tenants and share-croppers are a happy and prosperous people. The leaders of the island of Negros, such as Mr. Aluman, well-known in Washington, are powerful and influential men. In a somewhat less degree the same thing is true of the sugar plants and factories and coconut groves of Luzon and Panay.

On account of a typhoon we did not see Cebu, but our information is that this island, like Negros, is one of the most prosperous islands in the group. We went by Mindanao, and its coconut groves are truly wonderful. We did not see Basilan; but we were told that the rubber plantations on this island, which is just south of Mindanao, have been very successful.

In Luzon gold is being mined most successfully in large quantities, \$11,000,000 worth having been mined in 1934. It is said that the next year's output is estimated at \$17,500,000. The gold mines are literally booming.

The forests of the Philippines contain enormous quantities of the finest timber, it being estimated that on Government lands alone there are now more than 8,900,000,000 feet of splendid timber.

The surrounding waters are full of the finest fish, although, strange to say, the Filipinos import fish! All of these waters, however, are thickly dotted with Japanese fishing vessels.

Within a radius of 2,000 miles of Manila there live 650,000,000 people; within a radius of 2,500 miles there live 910,000,000 people; and within a radius of 3,000 miles there live more than a billion people—indeed, more than half the population of the world. What a center of trade and commerce these islands could be made.

WHAT AMERICA HAS DONE FOR THE ISLANDS

After taking over the islands in our treaty with Spain, we paid Spain the sum of \$20,000,000 for them.

The pacification of the islands several years after Dewey's fleet sank the Spanish fleet cost 4,165 good American lives.

The occupation and pacification of the islands from May 1, 1898, to June 30, 1902, cost, in money, \$190,000,000.

Since pacification, the expenditures of the United States Army and Navy in the Philippines are estimated at \$614,000,000.

The total cost to the United States, including all departments of the Government which have made expenditures in the islands, from the date of occupation to June 30, 1934, is approximately \$835,000,000.

In addition to this, the balance of trade has always or practically always been against us and in favor of the islands, and in recent years this balance of trade has cost American consumers about \$30,000,000 per year.

The Tydings Act wiped out all these implied obligations. We have never taxed the Filipinos a single cent, except the recent excise tax on copper and oil, and under the law taxing them these taxes go to the Philippine government. We have never made a cent out of the islands; and yet, under the Tydings Act, we turn over to the Filipinos every dollar of our property in the islands, except a naval station, and will ultimately, of course, turn that back also. We have been generous to the Filipinos beyond comprehension; and yet we are asked to enter a trade agreement which will continue after their national independence, and under which the American people will continue to tax themselves for the purpose of keeping the Filipino people prosperous and successful indefinitely.

It may not be accurate to say that these are the richest islands in all the world, or the most fortunately situated; but certainly the statement is within the bounds of truth that there are no richer or more valuable islands on the face of the globe, and none better situated so far as trade and commerce are concerned. Americans who have not been to the islands cannot visualize their possibilities. Filipinos who have not studied their economic or political problems—and some seven-eighths of them have not studied these questions—cannot overrate the mistake they are likely to make by overturning the present political and economic set-up.

It is important, therefore, for both Filipinos and Americans to weigh most carefully these problems. The Filipinos are at the parting of the ways. The action now taken will either cause them to continue to be a progressive, prosperous, happy, and contented people or it may cause them to revert to their unhappy state before America took them over and instituted among their people the most altruistic and unselfish course ever adopted toward a subject people at any time in the world's history.

It should here be said that from the beginning of our occupation of the islands our leaders have continually promised the Filipinos a greater and greater degree of independence, and eventually national independence. The American people generally have felt that as soon as the Filipinos showed themselves capable of self-government they would be given independence. The Congress, in the Jones Act, gave them the largest measure of self-government. At the present time more than 98 percent of the employees of the Philippine government are Filipinos. The American Government now retains sovereignty, a Governor General, a Vice Governor, an insular auditor, and a slight majority of the members of the supreme court. These act as stabilizers and as instructors and helpers. The Filipinos, however, are not satisfied with present conditions and want America to get out of the islands entirely and give them immediate, complete, and national independence.

In 1933 Senator Hawes secured the passage of what was known as the "Hawes-Cutting Act", giving the Filipinos an independent government.

THE HAWES ACT

This act (Public, No. 311, 72d Cong.) became a law on January 17, 1933. It was entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes."

The act provided for the election, by or before January 17, 1934, of delegates to a convention to draft a constitution for the government of the Commonwealth of the Philippine Islands. This constitution was required to be republican in form, and to contain a bill of rights, as well as certain provisions governing relations with the United States pending the complete withdrawal of the sovereignty of the United States over the islands, which was to occur 10 years after the inauguration of the new Philippine government. Meanwhile provision was to be made for absolute religious toleration; property of the United States and property used for religious, charitable, or educational purposes was to be exempt from taxation; a limit was to be placed upon the indebtedness of the islands; existing obligations were to be assumed by the new government;

English was to be taught in the public schools; certain important acts were not to become law until approved by the President; foreign affairs were to be under the direct supervision and control of the United States, which was permitted "to maintain military and other reservations and armed forces" in the islands and to call upon the military forces of the new government when required; the decisions of the islands' courts were to be subject to review by the Supreme Court of the United States; the United States was to be allowed to intervene to maintain constitutional government, protect life, property, individual liberty, etc.; and citizens and corporations of the United States were to have equal rights in the islands with Philippine citizens and corporations.

After the approval of the new constitution in the Philippine Islands it was to be submitted to the President of the United States, who was to determine whether or not it complied with the requirements of the act. If he decided this question in the affirmative, an election was to be held by the Filipinos in which they were "to vote directly for or against the proposed constitution." In case of a favorable vote, duly certified to the President, he was to issue a proclamation announcing this fact; and upon the issuance of this proclamation the new Philippine government was to come into existence. Thereupon all the property and rights of the United States in the Philippines—except certain military and other reservations—were to become the property of the new government.

After the inauguration of the new government, trade relations between the two countries were to be "as now provided by law, subject to the following exceptions":

Annual quotas were provided for the importation into the United States, free of duty, of certain important Philippine products, the excess above the quotas to pay the same rates of duty as like articles imported into the United States from foreign countries. These quotas were as follows:

Refined sugars, 50,000 long tons.
Unrefined sugars, 800,000 long tons.
Coconut oil, 200,000 long tons.
Manila and similar yarn, twine, cord, cordage, rope, and cable, 3,000,000 pounds.

Provision was made for allocation among Philippine producers in case the importations into the United States exceeded the quotas.

The importation of the above products was to be free to the amount of the quotas. All other products—and this is most important—were to continue to enjoy free and unrestricted entry into our markets.

An export tax for the benefit of the Philippines was provided for on articles coming into the United States free of duty, this export tax beginning during the sixth year after inauguration of the new government at 5 percent of the United States tariff rates on such articles coming from foreign countries, and increasing by graduations to 25 percent in the ninth year after inauguration of the new government; this export tax to be placed in a sinking fund for the purpose of paying, with other available moneys, the bonded indebtedness of the Philippines and their political subdivisions.

Pending complete withdrawal of the United States—

(1) Amendments to the Philippine constitution were to be submitted to the President for approval, and he was to have authority to suspend the operation of any act of the new government which was likely to result in failure to fulfill its contracts, or to pay interest or principal of the bonded indebtedness of the islands, or to impair their currency, or to violate international obligations of the United States.

(2) The chief executive of the new government was to make annual reports of its operations to the President and Congress of the United States, and other reports upon request.

(3) The President was to appoint a high commissioner to the Philippines, who was to be the representative of the President in the islands, have access to their records, be furnished information requested by him, and make annual reports to the President and Congress, and other reports upon direction of the President.

(4) The new government was to designate a resident commissioner to the United States, who was to have a seat in the House of Representatives, with right of debate, but without right of voting.

(5) Cases from the Philippines were to be subject to review by the Supreme Court of the United States as formerly.

(6) An annual quota of 50 persons was provided for immigrants from the Philippines to the United States, and for immigration purposes they were to be considered a foreign country.

(7) There was to be no obligation on the part of the United States to meet interest or principal of the bonds of the Philippine government or its political subdivisions issued after the taking effect of the act and during continuance of United States sovereignty, but they were not to be exempt from taxation by the United States.

On the 4th of July following the expiration of the 10-year period from the inauguration of the new government, the United States was to withdraw completely from the islands (except as to land or property redesignated by the President as military or other reservations), and to recognize the independence of the Philippine Islands as a separate and self-governing nation, provided the new constitution made provision for the equitable settlement of questions of property rights between the two countries and their citizens, for the assumption by the new government of the debts incurred by the islands during the sovereignty of the United States, and for the discharge by the new government of obligations assumed by the United States under the treaty of peace with Spain which ceded the islands to the United States.

Section 11, a very important one, requested the President of the United States at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty

for the perpetual neutralization of the Philippine Islands if and when their independence should have been achieved.

After the complete independence of the Philippines, their products imported into the United States were to pay the same duties as those paid by the products of other foreign countries, provision being made for a conference between the two countries for the purpose of formulating recommendations as to future trade relations between the two countries.

The Philippine Legislature met and rejected the Hawes Act, and national independence seems, for the time, to have been given up.

THE TYDINGS ACT

This act (Public, No. 127, 73d Cong.) was approved on March 24, 1934. It was entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes."

The act followed in all substantial respects the provisions of the Hawes Act, being for the most part word for word the same, with certain transpositions which do not affect the substance of the act.

Instead of not later than January 17, 1934, the time within which delegates to the constitutional convention might be elected was fixed at not later than October 1, 1934.

Another difference was that while section 10 of the Hawes Act provided for the retention after independence of "such land or property reserved under section 5 as may be redesignated by the President of the United States not later than 2 years after the date of such proclamation", viz, the proclamation of withdrawal, section 10 of the Tydings Act provided for the retention after independence of "such naval reservations and fueling stations as are reserved under section 5", and provided for negotiations between the two governments after independence for the settlement of questions relating thereto.

REASONS GIVEN FOR REJECTION OF THE HAWES ACT

The reasons given by the Philippine Legislature for rejecting the Hawes Act are thus stated in the Annual Report of the Chief of the Bureau of Insular Affairs for the fiscal year ending June 30, 1934:

"The Philippine Independence Act (Public, No. 311, 72d Cong.), known as the 'Hawes-Cutting Act', enacted January 17, 1933, was rejected by a concurrent resolution of the Philippine Legislature on October 17, 1933, which declined to accept the act because 'in the opinion of the legislature, the law does not satisfy the national aspirations nor does it safeguard the welfare of the Filipino people or the stability of the social, economic, and political institutions of their country'; and because of specific objections to provisions of the act relative to immigration, military, and other reservations, powers of the high commissioner, and trade relations between the islands and the United States. The act lapsed on January 17, 1934, 1 year after its enactment by Congress.

"The Philippine Legislature, in the concurrent resolution rejecting the Hawes-Cutting Act, also named a legislative committee to come to the United States and 'express to the Government and people of the United States the objections to the said law and the reasons therefor, and petition the President and the Congress of the United States for changes therein or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country.' This committee arrived in the United States in November 1933, and for the next several months directed its efforts toward securing the enactment of further independence legislation along lines that would be more acceptable to the Filipino people."

"The Philippine Independence Act (Public, No. 127) enacted by the Seventy-third Congress, and commonly known as the 'Tydings-McDuffie Act', was approved by the President on March 24, 1934. Under the provisions of section 17 the act became effective upon its acceptance by the Philippine Legislature on May 1, 1934. The Philippine people are now carrying out the further steps provided in the act, the initial one being the election of delegates to a constitutional convention. This election was held on July 10. At the time of writing this report the convention, which assembled on July 30, 1934, is engaged in drafting the constitution for the government of the Commonwealth of the Philippine Islands.

"One of the provisions of the Independence Act that became immediately effective upon its acceptance was that contained in section 8 relating to immigration of Filipinos to the United States, which places them on the status of aliens as regards entry into the United States, and allots to the Philippine Islands a quota of 50 for each fiscal year."

NO "INEQUALITIES" OR "INJUSTICES" IN THE INDEPENDENCE ACTS

The two independence acts have been summarized in detail because of their great importance in this connection. In large part the language of the acts themselves has been used in the summarization.

No fair-minded person reading this summarization, or the acts themselves, and considering them in the light of the history, geography, and economic condition of the islands, can come to the conclusion that there are any substantial "inequalities" or "injustices" in them.

It must be remembered that at the time of the passage of each of these acts, and for a number of years theretofore, there had been a growing demand in the United States, largely because of the beet sugar interests in Western States, that this country should withdraw from the islands, refrain from assuming any responsibility for their future protection or welfare, and require all Philippine importations into the United States to pay exactly the same rates

of duty as the products of any other country. Many in this country believed that we had made a great mistake in ever assuming sovereignty over the islands. The difficulty of defending them in case of war with a maritime nation and the ever-increasing competition of Philippine products with those of continental United States were urged, among other things, as imperative reasons for taking at their word the Filipino leaders who demanded independence, summarily withdrawing from the islands, and, in fact—though it was not so stated in words—abandoning them to their fate in a world where other nations were likely, for their own benefit, to take advantage of the helpless condition of the islands.

Instead of yielding to these demands and consulting only the welfare of the United States, this country has accepted many heavy responsibilities during the time which is to elapse before complete independence. It has given the products of the islands free access to the markets of the United States, the richest in the world, save for a few products as to which quotas are established. It has sought in every way possible to act for the real welfare of the islands instead of taking the easy course of immediate and complete withdrawal.

So far, therefore, from charging the United States with seeking to inflict upon the Philippines "inequalities" or "injustices" in the legislation granting independence, the Filipino leaders should be, and I believe many of them are, sincerely grateful for the unexampled liberality of this country in dealing with their nation. If there be some minor matters requiring further adjustment between the two countries, the United States unquestionably will lend an attentive ear to their presentation, and will be glad to do what equity and justice require; but it is my conviction, after careful study of both the acts and the facts and circumstances concerning independence, that it is wholly unfair and inaccurate to allege that any substantial "inequalities" or "injustices" are contained in the Tydings Act which ought to be cured by amendment if the Filipinos insist on national independence.

The Tydings Act was not only agreed to by the Filipinos before its passage, but on the floors of both the House and the Senate their Resident Commissioners privately urged its passage. The "injustices and inequalities" are all against the United States and not against the Philippines.

We find upon investigation that the Filipino leaders are still not satisfied with the act. They desire to have stricken from it the export-tax provision, by which tax it is proposed that the Philippines shall pay, before final independence, the remaining \$51,500,000 of Philippine bonds on which the United States is morally obligated by way of security. In my judgment, to do this would be totally and wholly unfair to the United States, and would end by our making a gift of that sum to the Philippines.

Next, the Filipino leaders want the economic provision changed or added to so that the Philippines may continue to have a free market in America for their sugar, copra, hemp, and other products after final independence. In my judgment, to do this would be without precedent in all history, would be unfair and unjust to the beet-sugar producers of the United States, and would be unfair to Cuba, Hawaii, and Puerto Rico. It is true that these leaders say if the islands had to pay our tariff taxes on sugar even in part it would bring about the economic annihilation of the islands. I am sure they are correct in this contention; but the answer to it is that they cannot have their cake and eat it, too.

Upon our return we came through the island of Java, which is perhaps the largest sugar-raising district in the world. Its production in recent years ran up as high as 3,000,000 tons per year. Holland, which owns the island, has had to fix a quota production, and this year that production is limited to 500,000 tons, because Java can find no adequate market for her sugar.

Because of high standards of living and high labor costs, the Philippine Islands cannot compete with Java in raising sugar or in raising coconuts. Hence, it is almost certain that without free American markets the Filipinos must quit raising sugar and coconuts, revert to rice raising only, and necessarily to lower standards of living.

As I look at the situation about the Philippines, what will it profit the Filipinos to obtain national independence if, at the same time, they make uncertain their economic welfare and possibly bring about their ruin? High standards of living, and bumper crops sold in a free market at high prices, bringing prosperity and happiness to all their people are far better than a weak fling at national independence, or even a local dictatorship. Especially is this true when the Filipinos are now enjoying such an excellent local self-government—the first they have ever enjoyed—and an independence and freedom, I venture to say, which is not enjoyed to a greater extent by any people on the face of the globe. When the free markets of the Philippines are gone, when their balances of trade are no longer favorable, attendant want and poverty will come, and their so-called "national independence" will fade out as a dream which failed to come true.

Again I say, they are independent now—more independent than perhaps half the peoples of the world.

AMERICA'S OCCUPATION OF THE PHILIPPINES

Since we bought the islands over 36 years ago, no country in the history of time has ever been governed more altruistically or more generously than America has governed the Philippines. We have never sought to profit by them in the slightest degree. We have governed them with an eye single to their advancement and their betterment physically, morally, financially, governmentally, and in every other possible respect. We have disregarded the enormous cost to ourselves in performing what Americans believe was a trust. We desired to set an example of a great govern-

ment's treatment of a dependency. Our course has always been determined by what was to the best interests of the Filipino people. In my judgment, Americans still feel that way. After the most careful examination of the facts and the most careful thought as to their conditions, I am convinced that this great experiment which we have been making for over 36 years and which has already done such wonderful things for the Filipino people, will all be destroyed and pass away as "a tale that is told" should the Philippines insist upon the bargain that has already been made, giving them national independence at this time.

Such are the facts. In view of them, what will happen if the Tydings Act goes into force unamended?—and I see no possible grounds on which it could be amended as the Filipinos desire to have it amended. As I have shown, we have already been the most generous Nation toward them in all the history of time.

CONSEQUENCES OF INDEPENDENCE

If the Tydings Act goes into effect, I sum up what will happen: The United States will withdraw from the Philippines, bag and baggage, and leave the Filipinos to defend themselves or to be taken over by some stronger power. We cannot, without running great risks, keep a naval station there for the protection of the islands. One of these risks is war with some foreign country. Another is having the Filipinos themselves contend that inasmuch as they have allowed us to have a naval station on the islands, it is our duty to defend the islands for all time.

If the Filipinos are given national independence there will be no need or justification for the retention of a naval station when our country has no interests there to protect.

All Americans and American interests in the islands will be left to shift for themselves under a new Philippine government, or under whatever foreign government may take over the islands.

America will give up, before the task is done, one of the greatest and most altruistic and most successful experiments ever made in the government of a dependent people.

America will leave in the lurch a people she promised to protect. She will permit her wards, the Filipino people, to commit economic suicide.

She knows, and the Filipino leaders know, that the granting of so-called "national independence" by our Government will mean simply a change from benevolent and successful government by our country to an arbitrary and oppressive rule by some other powerful nation.

The attitude of Japan toward the Philippines cannot be accurately stated; but the bald fact is that 15,000 or more Japanese are in Davao now, and they virtually control that Province. Japanese merchants and fishermen and agents are all over the islands, and are constantly increasing in power and influence. Should Japan not take over the islands, the withdrawal of the United States means that they will be easy victims of the rapaciousness of any other nation that may want them, as, confessedly, the Filipinos are not able to organize, maintain, and support an army or a navy or an effective air corps.

I voted for Mr. Bryan in 1900 on his platform of anti-imperialism. I thought our purchase of the Philippines in 1898 was a mistake. Had I been in the Senate when the treaty came up for ratification, I no doubt should have voted against the treaty. I have always supported Philippine autonomy to the last degree possible. I supported the Jones Act in 1916. That act has been a success. When the Hawes Act and the Tydings Act were before the Senate, with little study or consideration of the problems involved, I voted for both, believing the statements made on the floor that the Philippines were ready for independence. From this it can be seen what my views were when I went out to visit the Philippines last fall. My visit to the islands has conclusively convinced me that national independence is not now best for the Philippine Islands.

While the Filipinos have done well in managing their affairs under American guidance, they cannot at this time successfully govern themselves as a wholly independent nation. They have no semblance of a navy now, and because of their financial situation they are not now, and will not be for many years, able to build a navy. Even if they had one, they could not build it large enough to protect themselves. It is true that they have a Philippine constabulary; but this is necessary for purely domestic purposes, and could not be organized into an army sufficient to protect them. They have no air corps, and, of course, are not able to build one. In the present condition of international affairs, in my judgment, immediately after becoming independent the Philippines will be taken over by some other nation.

But there is another reason, even more compelling, why the islands should not have national independence at this time. It is the economic reason. The new government, to be a success, must have the funds necessary to run it. At the present time the Filipino people are absolutely dependent for their success and prosperity on the free markets in America for their sugar, copra, and cordage; and these free markets they cannot hold, or even expect to hold, with complete national independence.

In this situation a new independent national government could not live, and the Filipinos would soon be either in revolution or under the dominion and control of some other nation, and, perhaps, both.

While these are the two main reasons against independence at this time, there are others. The first of these is the lack of sufficient education and experience on the part of the masses of the people to enable them to govern themselves. They never have governed themselves. Probably 60 percent, perhaps more, of the people above 10 years of age cannot read or write, even with all

the encouragement in educational matters they have received from the United States, and all the progress that has been made by them.

The Filipinos confessedly are not ready for a democratic or republican form of government. In their draft of the new constitution, which was shown to me, they specifically admit this by providing for a dictatorship. Of course, the new constitution would not provide for a dictatorship if their leaders did not know, as every well-informed person must know, that a dictatorship would be necessary. Indeed, from my observation and information, it is the only practicable form of government they could have at this time even if outside aggressors let them alone.

Since writing the above, I have been informed that Senator Quezon, after learning of my report, has had that provision of the constitution as drafted and passed stricken out.

To give the Filipinos complete national independence now would be to cause the complete loss of all they have gained during the 36 years of American occupation; and I believe no one familiar with the situation will deny that they have gained much.

POSSIBLE ALTERNATIVES

It was claimed by some of their leaders that the Filipinos can accept the Tydings Act and obviate the economic difficulties in this way: The United States, having fixed a quota of 950,000 tons of sugar for the Philippines under the Costigan Act, it is urged that that provision of the act supersedes the Tydings Act pro tanto; that the provision of the Costigan Act referred to probably will remain in full force after complete independence, and that under that provision the 950,000 tons of sugar will continue to come in free under the new national government.

Certainly there was no such intention on the part of Congress in the passage of the Costigan Act. I do not believe the Costigan Act will have that effect. No suggestion of such a purpose was made at the time of its passage. If it should have that effect, however, it is certain that the Congress will change it when the Filipinos become nationally independent. To take any other course would be unfair to our own other sugar-producing territories, unfair to the beet-sugar sections of the United States, and exceedingly unfair to Cuba. Incidentally, I may mention the fact that under the Costigan Act, Cuba's quota is fixed at 1,950,000 tons, but those sugars do not come in free. Cuba pays the tariff taxes provided by law, and of course the Philippines also will pay the tariff tax when they are similarly situated.

It was also claimed that the export provision of the Tydings Act must necessarily be repealed. Certainly it is not an "injustice" or an "inequality." On the contrary, that provision is absolutely necessary in the event of the national independence of the islands. Not to have it would not only be unfair and unjust to the bondholders who took the bonds on the faith of the United States standing behind them but to repeal it would be just to make a gift of some \$51,500,000 to the Filipinos. The United States will have to stop playing Santa Claus some time.

TYDINGS ACT ACCEPTED

The Filipinos, however, have accepted the Tydings Act as it is. Congress gave them the privilege of accepting it, and that matter is ended. In my opinion, the United States is bound by the Tydings Act and its acceptance. So are the Philippines bound. Under that act the last vestige of right we have in the Philippines is the right to retain a naval station, which we may or may not use.

I recommend that by an independent joint resolution the President be authorized to convey any such right to a naval station to the Philippines immediately upon their becoming nationally independent, if they persist in taking that step. We should either get out of the Philippines entirely or we should stay there with full power to protect and defend the Filipinos and the American residents in the islands. We should let the Filipinos know now that if they obtain national independence it is not our duty and we do not propose to protect them with our Army, our Navy, or our Air Corps, and that if they have a national government of their own we are not going to treat them differently economically than the way we treat Cuba and other independent nations.

IF INDEPENDENT THE PHILIPPINES MUST ACCEPT THE RESPONSIBILITIES OF INDEPENDENCE

We must not directly or indirectly lead the Filipinos to believe that after giving them complete national independence we are going expressly or impliedly to agree to defend them with our Army, our Navy, or our Air Corps; nor must we for a moment let them believe that in order to sustain their national independence and to keep their people prosperous we are going to give them free markets in America.

I am informed that a majority of the subcommittee is in favor of entering into a trade agreement with the Philippines now providing that Philippine sugar to the extent of 950,000 tons shall be allowed to come into the United States for the transition period of 10 years, and thereafter until the agreement may be abrogated. Most emphatically I cannot recommend such an agreement. As already stated, such an agreement would be unfair to our beet-sugar interests, to Hawaii, to Puerto Rico, and to Cuba, whose position is like that of the Philippines. Cuba pays these tariff duties now, and when the Philippines become nationally independent they will have to do likewise.

Again, to make such an agreement so long in advance would be a gross injustice to the American people generally. As a matter of law, it is doubtful whether such an agreement can be made before complete national independence of the Philippines; but for the present the legal point may be dismissed. The merits of the

case forbid our making such an agreement. If the Filipinos, after all we have done for them, want to take a chance on paddling their own canoe by becoming nationally independent, that is their responsibility, not ours; and it is our duty to look out after our own interests. We certainly have been generous to them in the past, and we have never exploited them to the extent of one penny. We should now tell them, if they want to leave us, that we wish them well, and that we shall be glad to trade with them and deal with them as we do with other free and independent nations.

SUGGESTED AMENDMENTS TO THE TYDINGS ACT

My opinion is that in seeking independence now the Filipinos are making a monumental mistake. If I were advising them, I should tell them to come before the Congress and ask for amendments to the Tydings Act (a) leaving sovereignty in control of the United States; (b) leaving foreign relations, army, navy, and air affairs entirely to the United States; (c) leaving tariff and immigration entirely to the United States; (d) providing for a supreme court divided in membership as now; (e) putting restrictions on the new government's grants of public property and franchises and its issues of bonds. This would give their new government an impregnable position and fix a guaranty of both its political and economic stability. Then I should advise them to leave the present constitution, with certain amendments, to make it accord fully with the Tydings Act.

It may be objected that this plan would not give the new government much to do. Quite the contrary is true. In the first place, it would give the Filipinos a president who would be a native—and probably the first president would be Mr. Quezon. As president, he would perform all of the duties that the Governor General now performs, except as to the powers above reserved. These reserved powers would be performed by the High Commissioner representing the President of the United States and the Government of the United States.

In the next place, the plan outlined would furnish a defense of the islands that no native government could possibly give. It would settle, in the interest of the Filipinos, the economic questions heretofore referred to which are so vital to their prosperity and even to their life.

VIEWS OF ELPIDIO QUIRINO

Still it may be contended that reservation to the United States of the powers mentioned would not leave much for the Philippine government to do. Such a claim is untenable. I have recently read *Economic Problems of the Philippines*, published in 1934 by the Philippine Economic Association, with a preface by Elpidio Quirino, its president. This is a most interesting work from the Philippine point of view. In this work the following are stated as some of the functions over which a new Philippine government would have control and jurisdiction: Survey and subdivision of public lands; colonization of public lands; education, including vocational education; rural problems; forests and forest resources; mines and minerals; manufacturing and industries; fisheries; labor and population; domestic trade; transportation and communications; banks and credit facilities; public finance; post offices and post roads; taxes; animal resources; monetary system; public expenditures.

In all these matters, and many others, the new government would be supreme, independent, and wholly self-governing. The State of New York is not any more independent, or free. The new president would have his hands full in handling these and related problems. As showing how important and beneficial such a division of powers would be to the Philippines, I quote the following from *Economic Problems of the Philippines*:

"Foreign trade constitutes the basic foundation of the Philippine economic system. The decline of foreign trade would inevitably cause the collapse of, or create a serious disturbance in, our present economic structure.

"The greatest development came after 1909. In that year the free trade between the United States and Philippines was established. The United States Payne-Aldrich Tariff Act of 1909 provided that all articles grown, produced, and manufactured in the United States were to be admitted free of duty into the Philippine Islands without any restrictions. Free entry was also to be given to Philippine products in the United States market with certain restrictions, most of which were removed later by the Underwood tariff of 1913.

"The total foreign trade of the islands increased immediately from \$124,000,000 in 1908 to \$181,000,000 in 1910, the year after the free trade was established, this increase continuing steadily during the succeeding years.

"In 1912, the end of the second decade of American rule, Philippine foreign trade had reached the value of \$467,587,387, or an increase of 254 percent over what it was at the beginning of that decade. Exports increased from \$69,848,674 in 1909 to \$270,388,964 in 1918, while imports for the same years rose from \$62,168,838 to \$197,198,423. The share of the United States in the total trade of the islands increased from 32 percent in 1909 to 63 percent in 1918. In 1909, 21 percent of the total imports of the islands was supplied by the United States, while 10 years later this amount had increased to 60 percent. The United States took 42 percent of the total exports of the islands in 1909 and 66 percent in 1918.

"In 1933, the United States took 86 percent of the total exports of the islands, the rest being distributed in small quantities among European and Far Eastern countries.

"Thus Philippine exports are now dependent almost entirely upon the United States market. The United States takes 90.9 percent of the islands' export of sugar, 66 percent of copra, 46

percent of tobacco, and almost all of the exports of coconut oil, and embroideries. Because of the concentration of the islands' development on lines of production intended to supply the American market, the production of articles for local consumption and for export to other countries has been largely neglected.

"Influence of free trade.—It is therefore, seen that the present free trade with the United States has been the great stimulating force in the development of Philippine commerce during the last 25 years. This special arrangement has caused the trade of the islands to flow mainly in the direction of the United States market. More than 80 percent of our total exports now go to the United States, and it is estimated that 88 percent of our exports to the United States is dependent upon the free trade. In other words, about 70 percent of our total exports at present exists only because of our free-trade relations with the United States.

"The Far East is the world's greatest potential market today, and every commercial nation is desirous of gaining a strong and permanent foothold in this market. America is in the far-eastern trade to stay. Its trade in the Far East has attained considerable proportions, representing in value at present about \$1,000,000,000 a year. In 1930, it reached \$2,407,553,000. This trade represents nearly one-fourth of the total foreign trade of the United States. In 1932 it was exactly 23.18 percent. American trade with the Far East far exceeds that with South America and the former evidently holds more attraction and a brighter promise as a field for trade expansion. The United States has built up a big mercantile marine for service in the Pacific trade, and thus the factor of distance is not a serious hindrance to the continuation of Philippine-American commercial relations.

"The value of the Philippine market in the United States is now well known to American commercial interests. The Philippines is today the ninth best customer of the United States. It is among the principal outlets for American textiles. In 1932, the United States sold in the Philippine market \$9,880,718 worth of cotton textiles, representing about one-fourth of the total cotton goods exports of the United States for that year. American manufactures of iron and steel, automobiles, radio, farm implements and machinery, and various lines of hardware, wheat flour, mineral oils, paper, and other articles and products of the United States also have a good market in the Philippines. Certainly, the United States would not so willingly relinquish her hold of this valuable market.

"During the 10-year period from 1885 to 1894 the value of the total Philippine-American trade was \$122,415,204, of which \$113,628,388 was the value of our exports to the United States and \$8,786,816 was the value of our imports from that country.

"It is interesting to note in this connection that even in those early years preceding the period of American administration our exports to the United States far exceeded our imports from her. For the 10-year period mentioned we exported to the United States goods 14 times more in value than what we imported from her. This has, therefore, been the general condition of our trade balance with America throughout the past, with or without the free trade. Our principal exports to the United States then were sugar, hemp, leathers, tobacco, and indigo, while the most important articles imported from the United States were mineral oils, coal, canned goods, wheat flour, and iron and steel manufactures.

"In return for whatever tariff concessions or favors the United States will grant to our exports, the Philippines could also extend to selected American products entering our market such amount of protection or preferential treatment as may be found necessary to place the trade between the two Nations on a reciprocal basis.

"It is therefore imperative that changes be made in the act. Fortunately, the administration in Washington is disposed to give a fair hearing and full consideration of such necessary changes. President Roosevelt himself, in a special message to Congress, which led to the approval of the Tydings-McDuffie Act, stated that as regards the economic provisions of the law any imperfections and inequalities that exist 'can be corrected after a proper hearing and in fairness to both peoples.'

"The following changes should be secured:

"1. Complete elimination of subsection (e), section 6, providing for the imposition of an export tax during the last 5 years of the commonwealth.

"2. Amendment of subsections (a) and (e), section 6, by increasing the 800,000-ton limit for sugar to 926,000 long tons, as was recommended by the President of the United States to Congress; and raising the limitation for cordage from 3,000,000 to 5,000,000 pounds.

"3. Amendment of subdivisions (5), (9), and (10) of subsection (a), section 2, so as to give full autonomy in tariff and fiscal matters to the Philippine commonwealth government so that the proper steps may be taken during the transition period to remedy existing inequalities in our foreign trade and to prepare for the general adoption of a permanent tariff and fiscal policy for the future independent government.

"4. Amendment of section 13 by fixing the time for the conference between representatives of the United States and the Philippines to formulate policies for future commercial relations between the two countries to at least 2 years, instead of 1 year, before the advent of complete independence. This will give more ample time to readjust our trade relations with the United States.

"As has been pointed out, our export trade has been the main support of our material prosperity. Unless timely measures are adopted to insure the continuance of at least a substantial portion of our present trade with the United States and to develop more extensively our other markets in Europe and the Far East, there is

going to be a radical decline in the levels of income of the population and a corresponding drop in the general standard of living.

"2. We should secure changes and amendments of the economic provisions of the Tydings-McDuffie law to (a) eliminate the export tax, (b) increase the sugar limitation to 926,000 long tons and the cordage limitation to 5,000,000 pounds, (c) give full autonomy in tariff and fiscal matters to the commonwealth government, and (d) set the time for the United States-Philippine trade conference to 2 years prior to the advent of complete independence."

From these statements it is seen that there is no dispute about the economic situation in the Philippines. In asking for full, complete, and absolute national independence now, they, themselves, admit that it will ruin them; and they simply are hoping, like Mr. Micawber, that "something will turn up" to save their national and economic life.

VIEWS OF MANUEL QUEZON

I also quote from the Hon. Manuel Quezon (after the passage of the Hawes bill) as follows:

"In all sincerity, I must confess I am deeply apprehensive over the effects that the immediate termination of free trade with America will have upon our economic and social life. Especially do I feel thus because of the present world depression. The barring from the American market of the products of industries which were created and stimulated under the shelter of a protective American tariff cannot but affect our commerce. And consequently there will be lowering of wages and reduction in the income of the government, which is already being curtailed by the present depression. In a word, I am of the firm belief that with a sudden and abrupt termination of free trade with America, there will be created here a situation of extreme difficulty for the people and the government of the Philippines. And it is not just to impose on us this hardship."

Again, Mr. Quezon says:

"And right here, I want to say that I am more interested in securing the enactment of legislation beneficial to our country, that would definitely settle the Philippine question, in line with our national aspiration, even though it did not grant immediate, complete, and absolute independence, than in all the speeches and prospects about immediate independence, however brilliant and sincere, if, after all, nothing will come out from it."

I now quote from Senator Osmeria:

"A grant of independence will not require radical changes in the structure. Unless other forms of government were attempted, all that would be needed would be the election of a new executive."

COMPARISON WITH NEW YORK

There are about 14,000,000 people in the State of New York, substantially the same number as are in the Philippines. Probably 95 percent of the people over 10 years of age in New York can read and write. Practically all of them take the greatest possible interest in politics and government. There are probably no richer, no better educated, no more intelligent, no more capable people on the face of the earth than the citizens of New York. They are as free and independent as any people who have ever existed, yet they do not control their foreign affairs, nor do they have their own army, their own navy, or their own air corps for their protection. They do not fix their tariffs or their immigration laws, though the greatest part of all immigrants and goods come into our country through the ports of New York. If we are going to make an independent nation out of the 14,000,000 people in the Philippines, probably 60 percent of whom over 10 years of age cannot read or write, why should we not by the same token make an independent and separate nation of New York, with her 14,000,000 people? We should, of course, make the Philippines a self-governing and an independent people; but why should we give them powers and responsibilities greater than those enjoyed by the people of New York? I cannot see any justification in reason or experience for such a course, after having given the matter most careful thought, study, and my best examination.

VIEWS OF FORMER SENATOR HAWES

Former Senator Harry B. Hawes has written a book on the Philippines. He is a most earnest advocate of complete national independence of the islands; and yet he has this to say:

"But I wish to set down that I favor, and to the best of my abilities I will further, the independence of the Philippines on terms and conditions which will cause the least disarrangement in the economic relations between the United States and the islands" (p. 311).

This is good sense. We all know that at the present time complete national independence will not only cause a rupture of the economic relations now existing between the two countries, but it will probably cause a complete cessation and break-down of those relations. Why should we take a course so fraught with danger to the islands? They now have law, order, and justice, all meted out by themselves. They have a material well-being which they have never had before in all their history. They have a greater independence and security than they could ever possibly hope to have either under a dictatorship, as provided in their constitution, or under the control of a foreign nation.

CONCLUSIONS AND RECOMMENDATIONS

I conclude and recommend as follows:

1. That inasmuch as the Tydings Act has passed, proposing complete national independence, and has been accepted by the Philippine Legislature, as provided in the act, no other course is open to us than to complete the transaction, providing the conditions specified in the act are fully met.

2. Filipino leaders were in Washington when the act was passed. They urged its passage as meeting their approval. It was one of the most generous acts of one people toward another ever recorded in history. I find in the act no injustices or inequalities toward the Filipinos.

3. The act, in directing the President to convey to the Philippine government all property of the United States, expressly says, "except such naval reservations and fueling stations as are reserved under section 5." If the Filipinos insist upon full compliance with the Tydings Act, I recommend that no naval or fueling stations be retained, as such retention would likely involve us in further claims of protection or other international complications. My opinion is that the United States must either stay in the Philippines with full sovereignty or get out entirely.

4. An examination of the proposed constitution (a copy of which was shown me) clearly demonstrates that it is not in accord with the Tydings Act. I call attention to the following proposals in the constitution which are at war with the act or are so far out of harmony with it as to fail to follow its requirements:

(a) There is a provision in the Tydings Act that English shall be taught in the public schools. In one section of the constitution it is provided that English shall be taught only in the primary schools. In another section the constitution gives the legislature the right to choose one of the native dialects or languages. This provision shows a plain intention to disregard the requirements of the Tydings Act regarding the English language.

(b) The Tydings Act further provides that the property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded. The constitution provides that the legislature shall have the right to sequester large estates and divide them among Filipino citizens.

(c) The Tydings Act requires that the constitution shall provide for a government "republican in form." This expression has a distinct meaning, viz, that the new government shall be a republic patterned after the Government of the United States. The new constitution so provides. Since writing the above I understand this provision has been stricken out. The truth is that the Filipinos are not ready for a republic, and they know they can give themselves no kind of government other than a dictatorship; nor do I believe any other kind of government is intended or will be had.

5. The Filipinos desire a trade agreement by which they can sell their products in America free of tariff duty. They cannot have such an agreement until the 10 years have expired, because they are in no position to make a contract; but, without regard to the legal situation, the United States should not bind itself 10 years in advance of national independence as to what kind of trade agreement it will make with the Philippines. Such an agreement would not be fair to the sugar growers in continental United States; it would not be fair to the sugar growers in Hawaii or Puerto Rico; nor would it even be fair to the sugar growers in Cuba, whose position is similar to that of the Philippines. It would be unthinkable to make such an agreement 10 years before it is to go into effect. The Filipinos now have an excellent sugar quota, just as our own people have, and they are entitled to no better treatment than our own people.

6. I desire to warn our Filipino friends that they are making a great mistake in asking for complete national independence after a period of 10 years. I suggest to them that they petition the Congress to amend the Tydings Act by reserving to the United States sovereignty control of foreign affairs, Army, Navy, and air matters, tariff and immigration, leaving the power of review of the Supreme Court as it is now, and leaving to the United States the final determination as to issuing bonds and creating debts. They can well afford, and so can we, to leave the presidency as provided for under the new constitution, and to leave with the Philippine Government control over all other matters.

In view of the present condition of political and economic world affairs, this is the most inopportune time imaginable for the Filipinos to have granted to them complete national independence.

CONCLUSION

In closing, I desire to say that I have never been treated more hospitably, more courteously, or more kindly than I was by the Filipino people on the occasion of my recent visit to the islands. The Filipinos are naturally a kind and hospitable people. Their leaders are my friends, and some of them have long been so. I feel the greatest interest in them, in their country, and in their aspirations. I went to the islands earnestly desiring to help them in those aspirations to be a separate, free, and independent nation. After seeing the situation, however, after studying their problems, after talking to their leaders and their people, I am convinced that it is to their best interest at this time to become a completely self-governing local political entity, like one of our own States, but that it is wholly unwise and probably will be ruinous to them to separate themselves as an independent nation. Under the Tydings Act, of course, the matter has gone so far that it is now in their power to have national independence at the end of 10 years; but to persist in their present proposal, in my judgment, will result in bringing them nothing but economic disaster and ruin, and almost beyond a doubt political disaster as well. This course I cannot recommend.

The conclusions I have stated are those to which I am conclusively persuaded by the logic of the facts as I found them. I have discussed this subject solely from the standpoint of the Filipinos and what is best for them. I have scarcely referred to what is best for the United States. My best judgment is, however, that for the Philippines to separate from the United States and become an independent national entity would be hurtful to both peoples.

The attitude of the Filipinos in this matter is proof of the old saying that "almost anyone can stand adversity, but few can stand prosperity." Our Filipino friends have everything to make them free, independent, prosperous, and happy. Still, they are not satisfied. Apparently they are unable to stand the prosperity which is now theirs in so large and generous a measure, and which has been received at our hands.

KENNETH MCKELLAR.

FILIPINOS REVOLT; 65 REPORTED SLAIN IN FIERCE BATTLES—RADICALS REBEL IN PROVINCES AROUND MANILA—CUT OFF CAPITAL'S COMMUNICATIONS—SHARP FIGHT AT CUBUYAO—ACTING GOVERNOR HAYDEN IS URGED TO FLY BACK TO MANILA FROM NORTHERN AREA

[By the Associated Press]

MANILA, Friday, May 3.—At least 65 persons were reported slain in two battles growing out of bitter and wide-spread uprisings in the Provinces today against the projected new commonwealth governmental system. The suddenness and extent of the insurgent movement stunned high authorities.

Capt. José Guido, of the Constabulary Intelligence, reported to the Governor General's office that the situation was "very grave." He suggested that Acting Gov. Gen. Joseph R. Hayden dash back to Manila at once by airplane from Mountain Province, in northern Luzon, where he had been on an inspection tour.

SIXTY SLAIN IN ONE FIGHT

Two bloody battles were fought between constabulary detachments and extremists, called "Sakdalistas", in Laguna Province, south of here. The constabulary reported more than 60 dead as the result of the principal fight at Cabuyao, Laguna, but that the situation there was under control.

Previously five persons were reported slain in a clash between Sakdalistas and constabulary men at Santa Rosa, Laguna. One constabulary soldier was reported among the dead and three others were wounded.

A correspondent of the Spanish language newspaper La Vanguardia wired from Cabuyao that the extremists had barricaded themselves behind a wall of the town plaza for the night. Cabuyao is only a few miles from Santa Rosa.

Additional reports told of disorders in Cavite, Bulacan, and other Provinces adjacent to Manila.

MANILA CUT OFF FROM PROVINCES

Previously wire communications to and from the Provinces both north and south of the capital were severed. Constabulary men were sent to points where wires were reported cut.

Members of the Sakdal Party, asserted extremists with communistic leanings, are accused of plotting to assassinate Manuel Quezon, president of the insular senate and foremost candidate for the commonwealth presidency. Seven members of the party, allegedly involved in the assassination plot, are being prosecuted here on sedition charges.

[Gov. Gen. Frank Murphy, who is ill in White Sulphur Springs, W. Va., expressed regret that blood had been shed. "I am familiar with the Sakdal movement, which is radical but is being carried on by sincere people", he said.]

The Sakdalistas recently charged before Acting Gov. Gen. Joseph R. Hayden that they were being "threatened with prosecution for sedition" if they voted against ratification of the commonwealth constitution in the plebiscite to be held May 14.

Organized opposition to the commonwealth constitution has come thus far only from the Sakdalistas, a relatively small group. If the plebiscite results in popular ratification of the constitution, officials will set up a commonwealth government late this year.

It will serve the Philippines for the 10-year transitional period, after which the islands are destined to become a republic, independent of the United States.

WASHINGTON ASKS REPORT

WASHINGTON, May 2.—The War Department today telegraphed the Acting Governor General of the Philippines for a full report on the clashes between extremist groups and the Philippine Constabulary.

No direct report of the clashes had been received from any island officials.

Even before the seriousness of the situation in the Philippines had been described in press reports some Filipino quarters here viewed the fighting as an alarming indication of revolutionary conditions that might follow independence. Pedro Guevara, Resident Commissioner for the Philippines, expressed outright alarm.

"It is my sincere conviction", he said in a statement after reading early newspaper reports of the Sakdalista uprising, "that such political riots, insignificant as they may be, may even jeopardize the life of the Philippine commonwealth."

"The event might be taken by the world as a hint as to what will happen in the Philippines once independence is an accomplished fact."

Resident Commissioner FRANCISCO DELGADO took a calmer view of the disturbance, saying:

"I think this is one of the things apt to happen in any country when passions are aroused as they are now on the eve of the plebiscite on a Philippine constitution. I believe it is the work of a few misguided racketeers taking advantage of the upset state of affairs to further communistic ends."

In congressional quarters reports of the uprising brought forth several expressions of opinions that the Filipinos are not ready for independence.

QUEZON, HERE, NOT ALARMED

Manuel Quezon, president of the Philippine Senate, who is in New York City, announced yesterday afternoon that all telephone and telegraph communication between Manila and the Philippine Provinces had been cut off at 8:30 p. m. yesterday (8:30 a. m. in New York) during an uprising of the Sakdalistas.

Senor Quezon, who is staying at the Hotel Warwick, 65 West Fifty-fourth Street, declared that there was some fighting in outlying towns but that the revolt had been quickly put under control by the government forces without severe losses. He explained that the Sakdalistas were led by Benigno Ramos, radical editor, who had left the country several months ago, and were composed, for the most part, of unemployed men.

He described Senor Ramos as "an irresponsible demagogue who at one time was in my employment in the senate and who was discharged from the service." Senor Quezon said he had been informed of the trouble over the long-distance telephone early yesterday morning.

"While no details could be given to me as yet of the scope or the extent of the movement, I am sure that the situation is well under control by the government and that there is no occasion for anxiety whatsoever," he said.

"The Philippines, like many other countries, are suffering at present from the effect of the depression, and men out of work can easily be induced to do something drastic. The leader of the movement, Benigno Ramos, after inciting the masses, has left the islands, so that no action can be taken against him."

Mr. GIBSON. Mr. President, as a member of the special committee making the investigation of the Philippine Islands, I also have a report to submit, but I should prefer if possible to deliver the report at some convenient time in the near future. In view of the request of the distinguished Senator from Tennessee [Mr. McKellar] to have his report printed as a Senate document, I request that the reports to be submitted by me may also be so printed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

AMERICAN FOREIGN COMMERCIAL POLICY—ADDRESS BY SECRETARY OF STATE

Mr. McKELLAR. Mr. President, yesterday the Honorable Cordell Hull, Secretary of State, delivered a notable address before the Chamber of Commerce of the United States at its twenty-third annual meeting. In his address the Secretary of State very strongly stressed the importance and value of foreign trade and also the importance and necessity of lowering tariff rates. During the course of his address he said:

We have reached a point, however, when every country must go forward both on a domestic and international economic program, so that the buoyancy of an expanding world prosperity will develop to sustain and promote the expansion of domestic recovery. The international aspects of such a combined program are far broader than the mere readjustment of a limited number of tariff rates in this country. It envisages, broadly speaking, that important nations throughout the world will proceed gradually but simultaneously to readjust to a more reasonable level the existing excessive tariffs, quotas, and other trade barriers, and to abandon the chief forms of discrimination in international finance and commerce, and to adopt fair, equal, and friendly trade methods and practices.

Further in his address he said:

This country, of course, will not think of repeating its past experience of prescribing a one-way trading policy and then indulging in wild and reckless lending abroad. We need not, however, hide the fact that we made a far greater amount of equally reckless and worthless loans at home. The entire policy of careless and unsound lending at home and abroad alike should be reformed and placed on a sound and safe basis. Naturally, so long as the larger part of the world remains undeveloped and the overwhelming mass of the world population is suffering the pinch of economic distress, far-seeing business men in the capital producing countries will, as in the past, be found making investments and loans abroad.

I shall not quote further from the very interesting and timely address of the Secretary of State, but ask that, in its entirety, it may be printed in the RECORD as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE FOREIGN COMMERCIAL POLICY OF THE UNITED STATES

Mr. President, ladies, and gentlemen, I am very happy to have been given this opportunity to speak to you about the effort which the administration is making to restore our foreign trade, for the condition of that trade and the state of our national well-being are intimately related. In time of acute depression measures of a purely national character are given paramount attention and con-

siderations of foreign commercial policy tend for a time to become lost to view.

We have reached a point, however, when every country must go forward both on a domestic and international economic program, so that the buoyancy of an expanding world prosperity will develop to sustain and promote the expansion of domestic recovery. The international aspects of such a combined program are far broader than the mere readjustment of a limited number of tariff rates in this country. It envisages, broadly speaking, that important nations throughout the world will proceed gradually but simultaneously to readjust to a more reasonable level the existing excessive tariffs, quotas, and other trade barriers, and to abandon the chief forms of discrimination in international finance and commerce, and to adopt fair, equal, and friendly trade methods and practices.

While this and other countries have made a very considerable recovery in production and prices, and, under its constructive domestic program this country will make considerably more, the limitations encountered by reason of the extreme isolationism throughout the world are more and more pressing themselves upon the national consciousness of this and other countries. It is well, therefore, to give thought to the permanent and fundamental aspects of the situation in which our recovery policies as a whole must function. While it would be difficult to exaggerate the importance of domestic and internal measures for recovery, it is nevertheless true that the collapse of world trade is beyond any doubt one of the most important factors prolonging the depression. The break-down of the international structure has created uncertainty and fear, and holds in check the tens of billions of dollars of investment which today are most urgent owing to capital depreciation, obsolescence, renewals, repairs, and the need for new structures. What is required at this juncture is to move forward both on the domestic and the international fronts toward a full and stable measure of trade expansion and industrial prosperity.

May I here remark that on this day 2 years ago, in addressing the American section of the International Chamber of Commerce here in Washington, I strove to combat the isolationist tendency, and said:

"The opposing view, while disclaiming extreme economic internationalism, on the other hand would challenge extreme economic nationalism and launch this country upon a sane, practical middle course. It would supplement our impregnable home market with adequate foreign markets for our ever-increasing surpluses."

In the nineteenth century a closely coordinated world economy was developed based upon the very sound principle that man could conduct his affairs most profitably under conditions of reasonable freedom. It is indeed significant that this period, in which the great advantages of international commerce were generally recognized, witnessed the most rapid growth of population, the most amazing rise in the standard of living, and the broadest increase in the utilization of the earth's natural riches for mankind's benefit and happiness that has ever been experienced.

The industrial technic, together with its handmaidens, commerce and finance, was brought to a high degree of development first in England, from where it spread during the course of the nineteenth century to many other countries, including the United States. In this era we made immense gains in the production of both agricultural and industrial goods, thereby providing employment and a constantly rising standard of living for our rapidly increasing population. No small part of this advance was made possible by the steady expansion of world trade and the increasing demand of other countries for the goods we had to export. Being at that time a debtor and undeveloped country, a policy at times highly protective led to no serious consequences, but shortly after the World War, ignoring the economic transformation which had taken place, we began to erect barriers to our foreign trade not consistent with our newly achieved creditor position nor our efficiency in production. Within the short space of a decade we had raised our tariff rates on three successive occasions, thereby preparing the destruction of our vast foreign trade upon which a large share of our prosperity rested. This interference, opportunist in spirit, uncoordinated with our other policies, and contrary to our long-term interests, represented a definite break with the ideal of economic liberalism which had made possible this great commercial expansion.

The events of the World War enormously increased the importance of the United States commercially and financially in world affairs. Just at the time when the disturbed international relations of the post-war period called for the broadest possible development of world trade as a means of minimizing shocks and creating a new international balance, we adopted an unduly high protectionist policy which played its part in the subsequent worldwide collapse and contributed in so important a measure to the present break-down in international commercial and financial relations.

The time was when international relations were few and intermittent. The most widely different conditions could exist in different countries entirely unaffected by developments in other regions. Wars might even occur in parts of the world without the disturbance being felt appreciably elsewhere. The World War definitely demonstrated that this era had ended and that the expansion of transportation and communication combined with the growth of industry and commerce had created a world of closely connected states economically interrelated. Although many people in this country and abroad have refused to recognize this fundamental change, the universality of the depression has again furnished conclusive evidence of its actuality and completeness.

International relations are no longer incidental to national life but have become an essential factor in the existence of all nations.

When the war ended, many Americans of experience and vision saw the position of courageous economic leadership which the best interests of both this country and the rest of the war-sick world demanded of the United States. But the Nation as a whole allowed itself to be seized with an irrational fear of foreign competition. I believe that it was primarily that fear, and not pride or selfishness, that blinded us to the great advantages which we might have secured from an intelligent and sound development of our international economic relations.

This country, of course, will not think of repeating its past experience of prescribing a one-way trading policy and then indulging in wild and reckless lending abroad. We need not, however, hide the fact that we made a far greater amount of equally reckless and worthless loans at home. The entire policy of careless and unsound lending at home and abroad alike should be reformed and placed on a sound and safe basis. Naturally, so long as the larger part of the world remains undeveloped and the overwhelming mass of the world population is suffering the pinch of economic distress, far-seeing business men in the capital-producing countries will, as in the past, be found making investments and loans abroad.

Let us not fool ourselves as to the direction in which we are going. It is literally accurate to say that no nation was ever so well equipped to become a great trading nation, to play its role in assisting in the development of higher standards of living throughout the world and thereby stimulating the increased purchasing power of the huge populations in backward areas, which cannot fail to increase our own prosperity. With our superb natural resources, transportation facilities, productive equipment, and technique and power resources, we stand face to face in this year 1935 with the problem of whether we shall go forward with renewed industry, energy, hardihood, and the old pioneering spirit, or whether we shall falter and fall back, allowing second- and third-rate countries to step forward and take our place.

Extreme high-tariff barriers have been supplemented in many foreign countries by quantitative restrictions tantamount frequently to embargoes and by the control of foreign exchange which is often allotted on a most arbitrary basis. To these a number of other less important but scarcely less burdensome and irritating restrictions have been added, all designed to exclude imports and all having the effect of choking and throttling world trade. As a result, on the one hand, surpluses of many kinds of both agricultural and industrial goods have accumulated in the countries which formerly supplied these products to the world, while on the other hand these very goods are being produced uneconomically and consequently at exorbitant prices in the former consumer countries behind their unscalable barriers. Sorry substitutes, absurd synthetic production, and inferior quality production, virtually worthless, are being attempted.

The international price structure for some time has been dislocated. For many commodities there is no longer any such thing as a world price. In many instances prices are 2, 3, or 4 times higher in one country than in the surplus-producing countries. This is true of wheat, lard, and other commodities highly important for our domestic producers and for consuming masses of foreign populations.

The resources of the world needed for modern ways of living and for the development of a higher future civilization are not evenly distributed throughout the globe. Basic raw materials of modern industrialism are highly concentrated in certain countries, notably the United States and western Europe. Even our own great country, with its natural resources of iron ore, coal, petroleum, lead, zinc, copper, and other mineral resources, is deficient of many basic materials which are drawn from all parts of the world, including wood pulp, tin, nickel, manganese ore, rubber, raw silk, jute, hemp, flax and other fibers, hides and skins, and of foods such as sugar, coffee, tea, spices, and certain fruits not obtainable at home. The modern industrial structure depends upon the interchange of products localized in certain areas and which the various countries of the world can enjoy only on the basis of international trade.

One has only to look at the figures of the proportion of domestic production exported by the countries of Central and South America and the Orient to see how highly dependent these areas are upon world trade. No one who has not particularly concerned himself with these problems can realize the degree to which various countries have developed specialties of their own. We in this country have developed such specialties, notably in cotton, lard, tobacco, automobiles, machinery, copper and petroleum products, fruits, electrical and office appliances, as well as a host of products of smaller value, and these specialties bulk large in our trade with almost every country. Similarly every other country has specialties with which it reaches out in its contacts with the four corners of the globe.

Whenever this interchange of products, to the extent mutually profitable, is obstructed, the prices of the products that are destined for the world market are seriously depressed. The ensuing economic distress leads to political unrest and sometime to revolution. The disturbed conditions of the last 6 years incident to the disruption of the world economic system have been chiefly responsible for the political upheavals and the downfall of government after government in almost all parts of the world. Internal distress opens the way for the demagogue and the agitator, stirs up internal class strife, and especially develops international friction, fear, and resentment of foreign peoples and governments, and shatters the very foundations of world peace. The dangerous

political situations that exist throughout the world today, the international tension, the recrudescence of the military spirit, the expansion of standing armies, the enormously increased military budgets, the feverish efforts made to invent new instruments of warfare, new weapons for offense and defense—all these have emerged and developed in a world in which the international economic structure has been shattered, in which normal peaceful commercial intercourse has been broken and vast unemployment and human distress has resulted. It is the collapse of the world structure, the development of isolated economies, that has let loose the fear which now grips every nation and which threatens the peace of the world. We cannot have a peaceful world, we cannot have a prosperous world, until we rebuild the international economic structure.

Economic questions and conditions form the basis of international relations now more than at any other time in history. If nations are engaged in discrimination or retaliation or in the practice of irritating trade methods toward one another, the preservation of friendly relations and of that understanding necessary for peace and mutual prosperity is rendered difficult and precarious. Without friendly relations and understanding nations are little prone to settle questions or controversies by arbitration or other orderly and peaceful means. On the contrary, they are hasty to arm and to institute force for justice in international affairs. We behold that tendency progressed to an alarming extent today.

The desire of the Government to combat this trend, which it is convinced can lead only to the serious deterioration of our civilization, is the controlling reason for the efforts which it is now making to restore international trade on a basis of equality and friendship. This must continue to be the basis for world commercial relations.

The numerous discriminations now practiced by nations in their manipulation of tariff rates, quotas, exchange controls, and other devices designed to exclude foreign products, and in their exclusive bilateral arrangements, have undoubtedly been one of the chief causes which have led to the serious economic and political conditions now prevailing. Not only are nations rapidly impoverishing themselves by these practices, but they are thereby also inviting the enmity and provoking the resentment of other peoples. The irony of bilateral arrangements to the exclusion of triangular and multilateral trade lies in the fact that, while their advantages are soon overcome by the counteractive measures adopted by the states against which they discriminate, the feelings of dislike and distrust which they engender live on.

I am not altogether surprised when people uninstructed in the conduct of international relations and commercial policies and concerned solely with their immediate selfish interests criticize the Government for refusing to adopt this course, for doubtless they can see in it only the temporary advantages which it promises to themselves and not the harm that it inevitably causes the Nation as a whole.

The tendency to seek special preferences abroad is coupled with the stubborn and frequently unscrupulous resistance encountered by the Government when even the most moderate reduction in a tariff rate is proposed regardless of how clearly this may be to the advantage of the country as a whole. The pressure which is being currently brought upon both legislators and officials in Washington by those who fear that they are to be deprived of even a small part of the artificial advantage given them by an over-indulgent Government too often at the expense of efficient producers and consumers in general, would incline one to believe that much of the sturdy self-reliance, hardihood, and vigor of this country are definitely on the decline. Every post which comes to the Department of State brings letters requesting, and frequently demanding, that the Government obtain for their writers some personal or local advantage, often in clear defiance of the general interest. As I suppose is only to be expected, these demands are frequently absurdly conflicting.

The Government is asked, on the one hand, to reduce, or more often to prevent entirely, the importation of this or that article or class of goods and, on the other, to secure preferences in foreign markets for this or that American product. I have had presented to me time and again schemes for expanding our exports of our agricultural products by means of preferential arrangements, dumping devices, and other measures which involve serious complications of our general trade relations. These same people insist on complete embargoes against industrial and agricultural imports. These people have not yet learned the lesson, which now ought to be evident to everyone, that foreign countries cannot continue to buy our cotton, lard, tobacco, and other surplus commodities unless the exchange with which to pay for these products is made available through imports into the United States. We cannot continue to sell even our most important products abroad unless we are disposed to buy to the extent mutually profitable. I wish to call your attention particularly to the decline in this current year of our exports to many of our best consuming markets in Europe. Thus our exports to Europe in January and February of this year declined 16 percent in relation to that of January and February of a year ago. If we place embargoes upon our imports, we shall, in the last analysis, witness inevitably the destruction of our export trade. Seized with an unreasoning fear whenever a small dribble of imports of a competitive nature comes over our tariff wall, even when under purely temporary or accidental conditions, such as, for example, the drought, action is urged which, if allowed too frequently, may lead to retaliation by other countries, so that step by step such actions lead straight toward a complete embargo of imports all

around, and, since one country's imports is another country's exports, a like embargo of exports all around.

We oppose exclusive or preferential arrangements the effect of which would be to impose discriminatory tariff rates against other countries. On the other side this country does not intend to accept discrimination against American commerce in foreign countries. It desires to extend equality of treatment to all nations and it seeks to obtain fair and equitable treatment from all nations. The unconditional most-favored-nation policy, as already indicated, is the one which almost universal experience since the middle of the last century has demonstrated to be the best suited for the attainment of these purposes. This Government is convinced that only if it makes the most determined attempt to stem the degeneration of international commercial intercourse into a network of bilateral arrangements of an exclusive and restrictive type with their accompanying discriminations and retaliations can international trade be restored.

It is my belief that most nations drifted into the condition in which they now find themselves, due primarily to the pressure of the peculiar maladjustments of the post-war period and the wave of extreme economic nationalism incident thereto; that, with possibly a few exceptions, they have not deliberately elected to follow the course to which circumstances have forced them. It is incumbent upon some great nation, certainly the United States as much as any other, to come forward with a broad, constructive program calculated to displace gradually the policies which have proven so futile and so destructive during these past several years. With the sources of information that the organization of the Government places at my disposal I see not a few evidences of the state of mind of other peoples which give me reason to believe that the program which this administration is following is beginning to supply the inspiration necessary to induce them to alter their course and to hope that the world can shortly expect a general movement in the direction of international economic sanity.

There are those who believe that international trade cannot exist in modern times without endangering and destroying the industries of each separate country. These people believe, too, that all international commerce is highly competitive and therefore destructive to industries of the various nations. On the contrary, in the very nature of the case, international trade as contemplated in our program is, broadly speaking, complementary in character. The history of our own foreign trade, and the shifts that have occurred in the structure of our imports and exports illustrate the complementary character of foreign trade. One hundred years ago two-thirds of our exports consisted of raw materials, and more than half of our imports consisted of finished manufactures. Today half of our exports consist of finished manufactures and nearly half of our imports are raw materials. These enormous shifts in the structure of our imports and exports indicate in part the adjustment of foreign trade to the needs of our national economy, though in part the present structure of our trade has been shaped by artificial restrictions. While our imports of finished manufactures constitute a smaller proportion of our imports now than formerly, it is important to note that the absolute value of these imports increased from \$100,000,000 in 1850 to \$1,000,000,000 in 1929. Of the finished manufactures, the greater part consist of specialty products which are not directly or seriously competitive with products of our own industries. Essentially, they complement our own products. With the progress of invention and the development of an increasing number of finished goods which go with higher standards of living, in contrast to the simpler products needed in a more primitive society, we may anticipate a constantly larger interchange of finished products.

Foreign trade, to be complementary and noncompetitive, is not necessarily confined to the exchange of raw materials and food-stuffs for finished manufactured goods. The new products that have emerged in the last few decades illustrate the enormous impetus which invention and discovery may give to foreign trade. One has only to mention in this connection the importance of many of these newer products such as motor cars, radio sets, office equipment, electrical appliances, etc., in our own foreign trade. With rising standards of living incident to the industrial development of the economically backward countries, the increased purchasing power will inevitably give rise to a larger consumption of our mass production goods in exchange for specialty products. Each dollar of such imports, of course, pays for a dollar's worth of our burdensome surplus exported.

I repeat, international trade has always been essentially of a complementary character, rather than sharply competitive, and this will continue to be the case. If we give proper encouragement, by minimizing the obstacles to trade, to the development and expansion of those industries in which each country, by reason of natural resources, soil, climate, mechanical equipment, horsepower, and special aptitudes of skill and training, is most efficient, there will continue to be an expanding scope for international trade based on complementary relations rather than on sharp competition. Indeed, the more we encourage our efficient industries to find foreign markets, the more the structure of our industry will be shifted toward those lines where it will not feel the impact of foreign competition. It is the country that seeks to protect unnatural industries which is always faced with foreign competition. And, on the contrary, it is the country that efficiently and courageously develops its natural strength and natural industries which is least subject to foreign competition. It is not our automobile industry, for example, which complains about

foreign competition. It is our highly protected industries which complain.

The trade-agreements program, first promulgated and unanimously adopted by the 21 American nations at Montevideo and now actively being carried forward by this Government, is based upon the view that international trade among other things is a material factor in the full and stable business recovery of individual nations; that unreasonable trade barriers can only be effectively reduced by a constructive program carried out over a period of years concurrently by the leading nations of the world; that such liberalized commercial policy will be a vital factor in the reduction of unemployment, the increase in domestic prices, and the improvement of business conditions throughout the world. What we propose in a fair and friendly way as stated affords the best possible foundations on which to rebuild sound and worthwhile international relations. This program contemplates a simultaneous and continuous attack by all wide-awake nations upon the several well-recognized obstructions to the restoration of international trade and finance.

The opponents of a liberal commercial policy would have every nation by means of a purely nationalistic program alone attempt to restore domestic prosperity, while at the same time intensifying the existing network of trade-destroying restrictions and practices. The proponents of a liberal commercial policy, on the other hand, would utilize the most comprehensive domestic and international programs combined and would cut through these trade restrictions and open the way toward an expansion of world trade as an aid to domestic recovery, thereby combining domestic measures with international measures designed to rehabilitate a full measure of domestic and world prosperity.

This country can and must furnish its fair share of leadership in this great movement. For this it is peculiarly fitted because of its weight and importance in the world economy, and because it is less tied up in the entanglements and restrictive policies in which other countries, frequently against their will, have become enmeshed. The way lies open for new opportunities in world leadership toward peace and prosperity.

PAYMENT OF SOLDIERS' ADJUSTED COMPENSATION

Mr. VAN NUYS. Mr. President, on Armistice Day, 1922, the junior Senator from California [Mr. McAdoo] delivered a very informative and interesting address on the subject of the soldiers' bonus. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

This is the fourth anniversary of a memorable day in human history. November 11, 1918, signaled not alone the ending of the greatest war in the annals of mankind but it marked the beginning of a new era in civilization.

The European war had its origin in causes which were distinctly alien to American ideals and traditions. Conflicting national interests and ambitions, secret alliances and counter alliances which sought to gain political, economic, and military advantages to those concerned, racial and national hatreds engendered by centuries of strife, resulted in a final death grapple between two opposing principles of government, autocracy on the one hand and democracy on the other. For generations all Europe had been an armed camp. England, the greatest military power on the high seas, Germany, the greatest military power on land, and France, Italy, Belgium, Russia, Austria, Turkey, and the Balkan States, all armed to the death, awaited only the explosive to set in motion the mightiest machine for human slaughter ever operated in the history of mankind. The explosion came in August 1914 and the world was thrown into a colossal convulsion from which it has now only partially emerged.

ISOLATION COULD NOT KEEP AMERICA OUT OF WORLD WAR

America had nothing to do with the controversies or causes which lead up to this great disaster. By tradition and by consistent policy we had never been a military power. We had never maintained a large standing army, but with the growth of powerful foreign navies, and because of our extended coast line, we had gradually built up a formidable modern navy of our own. But its primary purpose was self-defense and not aggression. We believed that our remoteness from the fields of foreign wars rendered us immune from embroilment or attack. But we had not taken into consideration the fact that our growth as a nation had necessarily made us a powerful factor in world commerce and that our security and prosperity were dependent upon the maintenance of our rights upon the high seas and upon uninterrupted intercourse with all parts of the world. When the European clash came, we declared our neutrality and sought by every peaceful means to maintain it. But the most powerful of the European belligerents began to encroach upon our neutral rights whenever they found that it was to their advantage to do so. We quickly discovered that it was impossible to isolate America. She was an integral part of world economy, her products were in demand by all the nations, she had a right as a neutral to trade with them and she refused to yield any of her vital rights to escape collision with any challenger or upon the behest of any despot. She was one of the most important members of the family of nations and she could neither shirk her responsibilities nor avoid the conse-

quences. Disregard of America's rights by all of the belligerents produced a continuing tension which finally culminated in the destruction by one of the great powers of the lives and property of American citizens on the high seas in violation of the accepted rules of international warfare, and no alternative was left except to draw the sword.

AMERICA'S ACTION AN INSPIRING SPECTACLE

On April 6, 1917, Congress passed the fateful resolution that threw America into the World War and made her a party belligerent in the greatest conflict of all time on a field of action more than 3,000 miles from the Atlantic seaboard. With characteristic patriotism and energy the Nation sprang to arms. One of the most inspiring spectacles of all history was presented when the most powerful and peaceful democracy of all the ages transformed itself, with incredible celerity and efficiency, into an irresistible military machine. The young David of democracy was matched in mortal combat with the mailed Goliath of autocracy. Democracy won the battle and we today celebrate the victory.

ARE WE UNEQUAL TO OUR IDEALS?

But have we realized the thing for which we fought primarily, the thing which lit the crusaders' fire in the hearts of our people, the thing which has been the Christian dream of centuries, the thing without which civilization is still imperiled, the thing which, above all things, would bring the greatest blessings to the human race—the destruction of war itself and the enthronement of enduring peace? We have not. America failed to follow up the victory. The greatest tragedy of human hopes was written when she refused to march onward to the goal which, for the first time since Christ, seemed almost within the Christian grasp. The 4,000,000 men who sprang to the defense of their country with the determination to end war for all time, found themselves cheated of their prey in the very hour of their victory. Mars, the repulsive god of war, escaped, and again sits omnipotent upon his throne, ready to hurl new disasters upon the world. The peace of the world was destroyed by partisan politics. Selfishness and intolerance regained the day. We seek an isolation we cannot find, and we suffer the consequences, moral, spiritual, and economic, of our failure to live up to our responsibilities and maintain the noble ideals which made us unconquerable on the field of battle.

In this reversion from the sublime heights of Christian purpose and glorious achievement to the debased level of partisan politics and ignoble shirking, our sense of justice and gratitude to the 4,000,000 men who fought the war and won the victory seems to have been destroyed. We have failed them. We have, thus far, proven ourselves unequal to the ideals for which they fought and incapable of appreciating the heroic services they rendered in the hour of national peril.

ALLIES WERE FACING DEFEAT

What was the situation in the spring of 1917 when America entered the war? A gloomier outlook for the Allied cause could not be painted. The submarine was doing its deadly work at sea, rapidly destroying the means of communication between Great Britain, France, Italy, and the United States, upon the maintenance of which depended their supplies of food, munitions, and war materials. The ghastly prospect of starvation stared the Allies in the face. Quick relief could be obtained only from America. But the credit of the Allies was exhausted. This was a graver danger than the immediate effects of the submarine because without money or credit they could not buy essential supplies in America. At that time Great Britain had demand obligations in American banks amounting to \$400,000,000 which she could not meet. France and Italy were in financial extremity. What the Allies needed immediately to save them from irretrievable disaster was, first, American money, and second, American men.

By act of Congress the Secretary of the Treasury was armed with authority to meet the credit situation. The Treasury of the United States immediately extended first aid to Great Britain, France, and Italy by lending them money to buy the food and munitions necessary to keep them on their fighting line until American men could arrive upon the field of battle.

THE DOUGHBOY WON THE VICTORY

American men quickly followed American money—and what a colossal task it was to prepare untrained young America to fight the veteran legions of the most powerful military nations of the earth! But this was not all: To transport them across 3,000 miles of sea infested with treacherous submarines and to put them in the battle line on foreign soil in strange surroundings amid a jargon of foreign tongues equipped to fight the experienced veterans of the enemy, seemed an impossible task. But in an incredibly short space of time our raw recruits were transformed into a militant and irresistible fighting force. Three thousand miles of ocean were annihilated. The submarine was overcome. The mighty legions of the trained enemy were met and conquered, and in 18 months after America entered the war, victory had been torn from the hands of defeat, and the American doughboy was acclaimed as the protector of the Nation and savior of liberty and democracy in the world. For these heroic achievements, and in the flush of victory, the lips of a grateful people, in a grand chorus of praise and gratitude, said that nothing was too good for him.

How was this mighty deed accomplished? By the organized might of America! The crisis was so grave that we could not rely upon our traditional policy of waiting for the volunteer to come forward and undertake this perilous and prodigious task. Swift measures were imperative. The Congress had provided the necessary money and credit to sustain the allied cause until American

troops could take the field, and now Congress took the next great step and passed a law, establishing a fundamental principle of war-making in a democracy—a universal draft law—that required every eligible young man, the sons of the rich and the sons of the poor alike, to go into training and fight without discrimination or favoritism for the cause of their country.

Under this law the strong arm of Uncle Sam stretched out into every home in the land where there was an eligible boy of military age, and took him, without the sanction and regardless of the feelings of parents and loved ones, before selective service boards which chose those who were physically fit and sent them into training camps throughout the country. Four millions of America's finest young effectives were taken in this manner and molded into an unconquerable fighting force.

OUR SOLDIERS DRAFTED, NOT CONSULTED

We did not ask these young men if they wanted to go into the trenches and give their lives for their country. We did not, nor could we in time of national peril, consult their wishes in the matter. We took them and sent them out to perform the supreme duty of patriotism. The life of the Nation was at stake and it was they who had to save it. We did not ask these men what compensation would be acceptable for the hazardous work we thrust upon them. There was neither individual nor collective bargaining as, of course, there could not be. The Congress arbitrarily fixed their pay and said that a soldier should receive, while fighting on the bloody fields of France, the sum of \$1.10 per day, and while in reserve on American soil, awaiting the call to Europe, \$1 per day. In the judgment of Congress it was worth 10 cents more per day to face the enemy's shot and shell and poison gas on the battlefields of Europe, than to be in reserve in America. Of this meager compensation the soldier paid almost one-fourth for the life insurance which a grateful Nation permitted him to buy at minimum rates. If he was a married man, he was required by law to pay in addition, another half of his compensation for the support of his dependent family. The little that was left (about \$10 per month) the soldier was permitted to dispose of as he saw fit. There was, of course, no chance for the men and women in the Army and Navy to effect savings. After payments for life insurance and allowance for the support of families and loved ones, barely enough was left for their ordinary needs.

The war was ended, and, by their valor, ended a year sooner than expected.

The victorious heroes returned. With justified pride and deep emotion they trod again the soil of their native land amid the plaudits of the multitude. Then they were mustered out. Their swords were sheathed, their guns stacked, their uniforms laid aside, and the undramatic and crowded fields of civil life stretched before them. These young heroes had come from the farms, the villages, the towns, and the cities of every part of the land. They had given up their jobs and occupations. They had exchanged their environments for something new, something different, something uplifting. Their horizons had been widened. They had fought for great ideals and for noble objects. They had been reformed in a crucible of fire and remade in the grim school of discipline and danger. They were bigger men—they were broader men than the unsophisticated youths who entered the Army as raw recruits from the farms, the plains, the mountains, and the cities of a great Nation. They had to start life anew with enlarged vision, with new and finer conceptions of duty, with higher aims and ambitions. Thousands of them could not look with patience upon the narrow and provincial life from which they had been drawn. They wanted larger opportunity to make themselves useful citizens of the greatest Republic of all time. They wanted a chance at a larger and more fruitful life.

RETURNING VETERANS DISILLUSIONED

But what was there to begin with except character, enlarged experience and bright hope? They had emerged from the warm atmosphere of national welcome to find themselves in the cold atmosphere of practical, unsympathetic, indifferent civil life. Where were the jobs they had been led to believe were awaiting with warm welcome their return? Where were the opportunities which they had been told that a grateful Nation would shower upon them for their heroic services—for their priceless contribution to the cause of liberty and democracy? They were gone. Jobs and opportunity had been conquered by those who stayed at home and faced no peril while the conquerors of the Nation's foe were engaged on the field of battle. Life stretched before them, but what was there to start with? Not even a paltry fund which, if promptly available, would have opened up to the returned soldier the opportunity for a new and prosperous career.

It was the very need of this assistance, resulting from the inadequate pay granted the soldiers, that prompted the suggestion that a grateful nation recognize their inestimable services by increasing the compensation paid to them during the war. This is familiarly known as "adjusted compensation" or "soldiers' bonus", and since it has been under consideration for the past 4 years and is an important public question, it does not seem inappropriate to discuss it on this occasion.

BONUS IS JUSTICE

What is "adjusted compensation" or "soldiers' bonus"?

It is a proposal that the men who fought in France and received but \$1.10 per day therefor be paid an additional \$1.25 per day for the period of actual service and that the men who were held in reserve in camps in the United States and received but \$1 per day therefor be paid an additional \$1 per day for the period of actual service; but that in no case should the soldier in foreign service receive a total additional payment of more than

\$600 nor the soldier in home service a total of more than \$500.

Is this an unreasonable request? Is \$2.35 per day, or \$70.50 per month, too much to pay to the men who endured all the dangers and horrors and sufferings of the trenches and of bloody battles? Is \$2 per day too much to pay to the men who were kept in reserve, awaiting orders to go to the front and fill the gaps caused by those who died in battle?

As adequate compensation for service performed, it is, of course, too little; but as evidence of gratitude and appreciation of a great duty nobly performed, it is something. As a genuine help to the four million men and women who saved the Nation from grave peril it is much. As a matter of justice, it is everything.

GOVERNMENT CIVIL EMPLOYEES RECOGNIZED

While these men were fighting and sacrificing for country every class in America, protected by their valor and sacrifice, was living in safety and earning more money and making larger profits than ever before in our history. Even the civil employees of the Government, more than 500,000 in number, who were receiving salaries of \$2,500 or less per annum were granted a bonus of \$240 per year. For the past 5 years these civil employees have already received a total bonus of \$1,200 each—twice the maximum proposed for the soldiers, and the bonus is still continuing.

The great manufacturing interests, which produced war munitions and supplies, and the great trusts and combinations in control of vital necessities for the Army and the Navy, and the people, made fabulous profits during the war because the valor of our heroes in the field made them secure in life, liberty, property, and the pursuit of profit. By contrast, how can this great Nation fail to grant the claim of the men, who saved the Nation from disaster, to the comparatively small recognition involved in the allowance of their request for a readjustment of compensation for the actual time they were in the service of their country?

A committee of the Senate, after exhaustive investigation, reported that it would require only about \$1,600,000,000 to pay in cash the entire amount of the adjusted compensation or bonus to the enlisted men and women of the United States.

But immediately a cry arose from the very interests which had profited most by the valor of the soldiers, that to pay the adjusted compensation would impose a greater burden upon the American people than they could bear, and that the credit of the Government would be destroyed if such payment should be undertaken.

Never was there a more fallacious and unsupportable claim, and never was there an exhibition of baser ingratitude.

ADJUSTED COMPENSATION NOT A BURDEN

The Nation could have paid the claims for adjusted compensation without hurt to the national credit, and without imposing serious burdens upon the people. The additional compensation should be treated as a part of the cost of the war and should, like other burdens of the war, be funded into long-time obligations and the payment spread over several generations so that the present generation should not be required to pay an undue share of it and succeeding generations should be required to pay a just share of it. We could issue 50-year Government bonds in sufficient amount to pay the bonus in cash and thus not only discharge creditably and promptly an obligation the country justly owes, but remove the question from the hands of partisan and tricky politicians who have made use of the issue for base and ignoble ends. By this method another desirable result is accomplished—additional onerous burdens would not be imposed on the present generation which is already staggering under a heavy load of taxation. Only the annual interest and sinking fund would have to be paid. This would not exceed a total of 5 percent, or about \$80,000,000 per annum, to take care of the interest on the bonds and the payment of the principal at maturity.

A HUGE TARIFF SUBSIDY GRANTED TO GREED

It is sheer hypocrisy to say that the Nation cannot bear this relatively insignificant burden when great subsidies are granted to private interests at the expense of the people and for purposes which cannot be successfully defended. The Fordney-McCumber tariff bill was recently passed by Congress and approved by the President. It is estimated that the trusts, monopolies, combinations in restraint of trade and other beneficiaries of this measure, will be able to take from the people billions of dollars through indirect taxation by tariff-protected monopolies. How can this indefensible exploitation of the masses be justified when the soldiers and sailors who saved our institutions are denied a just recognition of \$1,600,000,000 on the ground that to grant it would impose excessive burdens on the American people? Ten billion, eight hundred million dollars for trusts and monopolies, and not one cent for the heroic defenders of their country!

WHY NOT TARIFF BENEFICIARIES PAY THE BONUS?

But if the frank and direct method of issuing Government bonds for the payment of adjusted compensation in cash should not be adopted, why should not the beneficiaries of the tariff bill be required to divide their subsidy with the Nation's defenders? In this way adjusted compensation could be paid without imposing new burdens upon the American people; in this way those who received the greatest material benefit from the valor of our soldiers will be required to share with them the undue profits and advantages which a complacent Congress has so generously conferred upon them. How can it be done? Let an average of the net earnings of every trust, monopoly, corporation, or beneficiary of the Fordney-McCumber tariff bill be ascertained for 5 years, or for some reasonable period preceding the enactment of that law. Then take each year 50 percent of all net earnings of these

tariff beneficiaries in excess of this average, while the Fordney-McCumber bill is in effect, and apply it to the payment of the soldiers' bonus.

It would be peculiarly appropriate to make these tariff beneficiaries divide with the men and women who went to France when the black clouds of disaster overhung civilization and American liberty and dispelled them with the sunshine of their heroism and sacrifice.

This is not an impracticable ideal. It can be formulated into a law that can be administered. The plan is analogous to that adopted by the British Government for raising revenue to carry on the war. An average of the net earnings of all forms of business in Great Britain was ascertained for a period preceding the outbreak of the war and all profits in excess of that average were treated as war profits and taxed 80 percent. By this practical and simple plan the British Government repressed the war profiteer and forced those who profited by the war to contribute 80 percent of those profits to the national defense fund instead of permitting excessive profits arising from abnormal conditions created by the war, to be retained for private ends.

NO EXCUSE FOR INJUSTICE OR INGRATITUDE

There are those who say that our enlisted men and women should not be paid additional compensation because they will waste the money—that no benefits will therefore be conferred upon them. This is, of course, mere assertion based neither upon fact nor reason. Arguing from human experience and natural tendency of most men and women to save money and not to waste it, to use it wisely and not to lose it, it is more reasonable to assume that the great majority will use the money beneficially. But assuming for the sake of argument that justice demands that the claims of the soldiers be paid, or that the gratitude of a saved Nation prompts the payment, it is no answer to say that justice should be denied or gratitude stifled upon the mere assumption that those entitled to justice or those who should be the recipients of the Nation's gratitude may not use the rewards wisely or beneficially. We cannot satisfy the demands of justice by being unjust nor manifest gratitude by refusing to be grateful. If the soldiers are entitled to the bonus either because justice demands it or gratitude prompts it, it should be paid to them no matter what they may do with it. In its final analysis it is an affront to the enlisted men and women to assume that they are so worthless and incompetent that they will not make proper use of a payment to which they are, in justice, entitled.

NOT COMMERCIALIZING PATRIOTISM

There are others who say that the bonus should not be paid because it will "commercialize patriotism." This is merely trying to satisfy conscience with a phrase. If it be commercializing patriotism to increase the pay of the soldier for the dangerous work he did in the war, then why was it not equally commercializing patriotism to pay him anything whatever for serving in the war? The argument must be carried to its logical conclusion. Either he should be paid within reasonable limits to the full extent of the Nation's ability to pay, or he should not be paid at all. If patriotism is to be exacted of the soldier without cost, then in time of war all civilian effort should be drafted without cost, and no profit should be allowed to private enterprise or service as a contribution to the war effort. The most unfair and unjust thing that the opponents of the soldiers' bonus have done to the 4,000,000 gallant men and women who fought the war is this attempt to impeach their patriotism. A greater wrong could not be done. If it would commercialize patriotism to increase the pay of the soldier for the service he rendered in the war, then what can be said of the gross commercializing of patriotism indulged in by every firm, corporation, and individual who turned to the utmost profit the opportunities the war gave them?

It is not unnatural that the people should hesitate to assume new tax burdens at a time when they already are overloaded with State, local, and national taxation. Certainly these burdens ought not to be increased without convincing reasons. The opposition to the soldiers' bonus is grounded largely upon the fear that it will inevitably impose new tax burdens. But this objection is met if the bonus can be paid without increasing existing burdens through a division of the tariff subsidies already imposed upon the people or through the issuance of long-time Government bonds which will distribute the burden lightly over several generations. But in no circumstances can any nation take the position that justice to any great class of its citizens shall be denied because it will cost something to do justice.

JUSTICE, LIBERTY, DEMOCRACY NOT TO BE MEASURED IN DOLLARS

There are some things which cannot be measured in dollars. Justice is one of them. Liberty is another. Democracy is still another. Liberty and democracy are founded upon justice, and the Nation must stand for justice and do justice no matter what the cost may be in blood or treasure. If we refuse to do justice to the great army of men and women who saved the Nation in its hour of extremity; if we leave in the hearts of the 4,000,000 defenders of the Nation and in the hearts of their families and friends the feeling that the Nation is not only unjust, but ungrateful, may we not do a graver injury to the spirit and morale and patriotism of our people than any savings in taxation could ever compensate?

In the wave of materialism which has swept over the land since the war was fought, our higher ideals seem to have been obscured. What Armistice Day ought to celebrate instead of merely signify has not yet been secured. Perhaps these things are only in eclipse. The triumph over war, injustice, and oppression has not yet come. It may never come in full perfection, but it is our duty to fight unflinchingly for this noble end.

Let us pray God that that day of triumph may come, and while we pray God and press on with unconquerable determination, let us make sure that we preserve the soul of the Nation from the corroding influences of injustice, materialism, and selfishness. Let us, on this day made glorious by the valorous deeds of our sons and daughters, resolve that this great Nation, fashioned by our forefathers in the spirit of the Christian God and dedicated by them to the service of humanity, shall be preserved for all time.

TREASURY AND POST-OFFICE APPROPRIATIONS

Mr. ASHURST. Mr. President, I rise to inquire about House bill 4442, being the Treasury and Post Office Departments appropriation bill. It will be remembered that the bill passed the Senate April 1. It contained a proviso that certain employees of the Alcohol Tax Unit in the Treasury Department should be required to take an examination before May 15. The employees affected are ready, willing, and anxious to take the examination. The bill has been in conference since April 1. Of course, if the bill should be delayed much longer it would be a hollow mockery to say that these employees should take an examination by May 15, when May 15 may arrive before the conference report shall be adopted.

Can any Senator give me assurance as to when the conference report on the Treasury and Post Office appropriation bill may be agreed to?

Mr. JOHNSON. Mr. President, may I concur in what is said by the Senator from Arizona, and appeal to the Senator from Tennessee [Mr. McKellar], who can possibly tell us what has become of the conference report?

Mr. McKELLAR. Mr. President, the Senator from Virginia [Mr. Glass] is chairman of the Senate conferees, and I do not see him in the Chamber at the moment. I think there is some question about an appropriation relating to ocean-mail matters which has delayed the report, but I have no idea that the bill will be unduly delayed in any way.

Mr. ASHURST. Mr. President, I assert my conviction that there is no sinister move looking toward delaying the conference report; but I repeat that by the amendment referred to it was provided that these clerks, some thousand in number, should take an examination before May 15. I am sure the Senate does not want to occupy the attitude of requiring some thousand Government employees to take an examination by May 15 when it is doubtful if the bill will become a law by that date.

I call attention, respectfully, of course, to the fact that the House concurred in the conference report, according to the RECORD, on April 22. I do not doubt the correctness of the statement of my esteemed friend from Tennessee [Mr. McKellar] in his observation that some appropriation regarding ocean mail is delaying the conference report. I conclude by expressing the hope that the conference report may be adopted at a very early date.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 3896) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from Missouri [Mr. Clark] to the amendment reported by the committee.

Mr. ASHURST. On that I demand the yeas and nays. The yeas and nays were ordered.

Mr. McNARY obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. THOMAS of Oklahoma. This is a matter of more or less importance, of more importance to some, perhaps, than to others. I think all Senators want to have a chance to vote on the various proposals. Some Senators are absent in the belief, evidently, that no vote would come today. Today is Friday. Some Senators are out of town and others are preparing to leave for the week-end.

I suggest the advisability of agreeing to a time definite when we may vote on the substitute of the Senator from Missouri. If we can come to some agreement, commencing Monday, say, at 1 o'clock, with a reasonable limitation of debate, we can come to a vote, I am sure, with regard to the substitute of the Senator from Missouri within a very reasonable time. That would put each Senator on notice, and he could either be paired or could be present. I suggest such an arrangement to the Senator from Mississippi.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Mississippi?

Mr. McNARY. I yield.

Mr. HARRISON. I submit the following unanimous-consent request:

That beginning on Monday at 1 o'clock, debate on the pending amendment and all other amendments shall be limited to 10 minutes.

Mr. SMITH. Mr. President, before the Senator goes further, I will say that it is hardly necessary for him to consume the time, because there will be objection to any 10-minute limitation of debate.

Mr. CLARK. After 1 o'clock Monday.

Mr. HARRISON. I said, after 1 o'clock Monday.

Mr. SMITH. I understood the Senator from Oklahoma to say that he would like to have us postpone any debate on this matter until Monday. The likelihood is that we shall recess from today until Monday. I wish to have it now understood that this is a measure which involves more than the bonus, and some of us desire to have something to say about the principle involved in other matters which pertain directly to the primary purpose of the bill.

Mr. HARRISON. Mr. President, I may say to the Senator from South Carolina that I was only trying to accommodate the Senate. I am perfectly willing to vote now upon the pending amendment, and proceed in an orderly way through tomorrow. That is perfectly agreeable to me; but it has been suggested by several Senators that if we could reach an agreement to limit debate to 10 minutes on amendments and 10 minutes on the bill beginning at 1 o'clock on Monday, it might be satisfactory. If it is not satisfactory, that is perfectly all right, and we can proceed today and tomorrow with the discussion on the bill.

Mr. McNARY. Mr. President, from the inquiry I have made I feel certain that such a proposal would not meet the unanimous consent of the Members of the Senate. Let me suggest to the Senator from Mississippi that, after 1 o'clock on Monday, debate on the Vinson proposal be limited to 10 minutes and debate on the bill be limited to 10 minutes, and that no limitation be fixed on the other proposals which will follow.

Mr. HARRISON. I do not think that would be agreeable.

Mr. McNARY. I think it would be agreeable to those with whom I have consulted.

Mr. HARRISON. In view of the fact that there are so many matters on the calendar, and we are desirous of expediting their consideration, I withdraw my request for unanimous consent.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. Clark] in the nature of a substitute for the amendment reported by the committee. On that question the yeas and nays have been demanded and ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Burke	Dieterich	Hayden
Ashurst	Byrd	Donahay	Johnson
Austin	Byrnes	Duffy	Keyes
Bachman	Capper	Fletcher	King
Bankhead	Caraway	Frazier	La Follette
Barkley	Carey	Gerry	Lewis
Bilbo	Clark	Gibson	Logan
Black	Connally	Glass	Loneragan
Bone	Coolidge	Gore	Long
Borah	Copeland	Hale	McAdoo
Brown	Costigan	Harrison	McCarran
Bulkeley	Couzens	Hastings	McGill
Bulow	Dickinson	Hatch	McKellar

McNary	O'Mahoney	Schwellenbach	Trammell
Metcalf	Overton	Sheppard	Truman
Minton	Pittman	Shipstead	Tydings
Moore	Pope	Smith	Vandenberg
Murphy	Radcliffe	Stetwer	Van Nuys
Murray	Robinson	Thomas, Okla.	Wagner
Neely	Russell	Thomas, Utah	Walsh
Norris	Schall	Townsend	White
Nye			

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

Mr. SMITH. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SMITH. If this amendment shall be voted down, the vote will recur on the so-called "Harrison amendment"?

The VICE PRESIDENT. The Senator states the situation correctly.

Mr. SMITH. And if that shall be voted down, the matter before us will be the Patman bill?

The VICE PRESIDENT. The House bill. The Senator states the matter correctly.

Mr. SMITH. Very well. Then I hope all Senators will vote "nay."

Mr. LONG. Mr. President, there are a number of absentees on this side of the Chamber whose position on this amendment I am unable to ascertain in our effort to get pairs for those who are with us. Some of them I know to be with us, and I know none of them to be against us. The uncertainty of this amendment reaching a vote today no doubt accounts for the large number of absentees—six of them on this side alone.

I think those of us who favor the bonus as such, who really want the soldiers' bonus paid in a liberal way—that is, in accordance with the Patman bill—have all pretty well reached the understanding among ourselves which I get from my friend the senior Senator from Oklahoma [Mr. THOMAS] that we ought to vote down all these amendments, which would leave the Patman bill before us. Do I understand correctly?

Mr. THOMAS of Oklahoma. Mr. President—

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Yesterday I made the statement that I was for the Patman bill. I made the further statement that as between the Vinson bill and the Harrison bill I should vote for the Vinson bill; but, of course, I am against the Vinson bill, and I am against the Harrison bill and for the Patman bill.

As a matter of regularity, after 24 hours' deliberation, I have come to the conclusion that I shall cast my vote against all amendments until the Patman bill is reached. I shall vote against the Vinson bill because I prefer the Patman bill to the Vinson bill.

Mr. CLARK. Mr. President, if the Senator will yield, with the permission of the Senator from Louisiana, of course the issue presented by the vote now to be taken is not between either the Harrison bill or the Vinson bill and the Patman bill. It is between the Harrison bill and the Vinson bill.

Mr. THOMAS of Oklahoma. I realize that.

Mr. CLARK. So that a vote against the Vinson bill as a substitute for the Harrison bill is a vote against full payment of the bonus in behalf of partial payment of the bonus.

Mr. THOMAS of Oklahoma. I realize that; but it occurs to me that it is the best parliamentary procedure for those who favor the soldiers, who favor the enactment of bonus legislation, those who really want to help the soldiers and help this legislation, to vote against all amendatory proposals—to vote against the Vinson bill, and then, when the Harrison bill comes before the Senate for a vote, likewise to vote against the Harrison bill, and to vote against all amendments to the Harrison bill. In the end, if we have a majority, we can clear the calendar of substitutes and amendments and finally get down to the Patman bill, which has passed the House on three separate occasions. That will present the issue in square-toed fashion, and those who are for the Patman bill will have a chance to vote for it, and those who are against it will likewise have a chance to vote against it.

Mr. CLARK. Mr. President, will the Senator yield?

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Mr. LONG. Just a moment. I promised to yield to the Senator from Washington [Mr. BONE]. Then I will yield to the Senator from Missouri.

Mr. BONE. Mr. President, I should like to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BONE. I am somewhat in doubt as to the effect of certain votes with respect to the final disposition of the so-called "Patman bill." We confront a very peculiar situation, one which I have never before seen during my term of service in this body.

If the so-called "Vinson bill", which is now proposed to be attached to the pending bill as an amendment in the nature of a substitute, shall carry, that will end any opportunity to vote further on the so-called "Patman bill", as I understand the parliamentary situation.

The VICE PRESIDENT. The Senator does not understand the parliamentary situation.

Mr. BONE. That is what I wish to have made plain to me.

The VICE PRESIDENT. The Senator has not made a parliamentary inquiry. If he would do so, the Chair would directly answer it. The Senator merely stated what he understood.

Mr. BONE. I want some advice.

The VICE PRESIDENT. If the Senator desires, the Chair will make a statement as to his understanding of the parliamentary situation.

The House of Representatives passed a bill, which was sent to the Senate and referred to the Finance Committee of the Senate. The Finance Committee reported the bill with an amendment, to strike out everything after the enacting clause and to insert certain language, the so-called "Harrison amendment."

The Senator from Missouri [Mr. CLARK] offered an amendment in the nature of a substitute for the committee amendment. If the amendment in the nature of a substitute should be agreed to, then the question would come on the Harrison amendment as amended, and if that were not agreed to, it would leave the House bill as it came from the House. If the Harrison amendment as amended were agreed to, no further amendment would be in order.

The Chair thinks that covers the situation pretty thoroughly.

Mr. LONG. I yield now to the Senator from Missouri.

Mr. CLARK. Mr. President, the Chair has stated what I wanted to develop, and I will wait and claim the floor in my own right.

Mr. NORRIS. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. NORRIS. It seems to me that the parliamentary situation is very plain and very simple and that no one need be deceived on account of the parliamentary status.

As I see it, the first vote, upon which we have ordered a roll call, is a choice between the committee bill and the Vinson bill. The Patman bill does not enter into this vote, and any Senator who favors the Patman bill to all the other bills will not on the first vote have an opportunity to vote for or against the Patman bill, but he will assert his choice, by his vote, as between the committee bill and the Vinson bill. If the amendment shall be agreed to and the Vinson bill shall be substituted, then the committee bill will be out of the picture, and instead of the committee bill we will have the Vinson bill.

We must then vote upon the question as to whether we will substitute the Vinson bill for the bill as it came from the House, which is the Patman bill, and the choice will then come between the Vinson bill and the Patman bill.

If the vote shall be against the Vinson bill on the first vote, then the Vinson bill will be out of the picture, and the choice will come between the committee bill and the Patman bill.

So, whatever happens, Senators are not going to be denied the right, under the parliamentary situation, to vote their sentiments upon the Patman bill, which is the House bill.

It does not seem to me that the parliamentary situation is in any way obscured so as to prevent Senators from voting for the bill of their choice.

Mr. SMITH. Mr. President, will the Senator from Louisiana allow me a moment?

Mr. LONG. I yield to the Senator from South Carolina.

Mr. SMITH. There are two substitutes proposed. As the Senator from Nebraska has said, we must choose which one we want, or would take, between those two.

The psychology of the situation is such that if we vote for the Vinson bill the impression will be that perhaps we might take it in preference to the Patman bill. Those of us who really believe that we have backed and filled and used all kinds of tactics, from every conceivable source, opposed to the bonus and who believe in the bonus being honestly and fully met and paid, ought to vote down any and every attempt to distract the minds of Senators from the issue.

Do Senators intend to give the soldier an honest, straightforward payment, or do they want to monkey around and pay him a partial bonus, and chip off here and there? Let us meet the issue which is before us.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I will yield once more to the Senator from Nebraska.

Mr. NORRIS. I thought the Senator from South Carolina had the floor.

Mr. LONG. I do not mind yielding to the Senator again.

Mr. NORRIS. Suppose the Senator from South Carolina prefers the Patman bill to anything else, and wants an opportunity to express himself by his vote. In the present parliamentary situation he is going to have that opportunity. But suppose as a matter of strategy the Senate, believing the Patman bill to be better than any other of the three, proceeds on the theory that it ought to vote as between the committee bill and the Vinson bill, and should vote down the proposed substitute; and then suppose on the final vote, which would be then between the committee bill and the Patman bill, the substitute, the committee bill, were agreed to; then the Senator would be in the attitude of never having voted for the Vinson bill, which he would prefer to the committee bill.

Mr. SMITH. I do not prefer either.

Mr. NORRIS. Very well.

Mr. SMITH. I think it is a matter of choosing between tweedledum and tweedledee. We are acting here as if we had not courage enough to meet an issue.

Mr. LONG. Mr. President, I do not believe that either the Senator from Nebraska or the Senator from South Carolina heard me yesterday. I can clarify the atmosphere, if I may have the attention of both Senators for just a moment.

This is our predicament: There are about 21 Republicans, as near as I can count them—I do not count the Senator from Nebraska in that particular list of Republicans, or in many other lists, sometimes; I count him a universal Democrat. [Laughter in the galleries.] I mean by that—

The VICE PRESIDENT. Just a moment. The occupants of the galleries will refrain from laughter. The Sergeant at Arms has been instructed to deliver to each visitor a slip of paper setting forth the rules of the Senate, and I am sure that, as our guests, the occupants of the galleries will respect the request of the Senate, and refrain from laughter and other demonstrations.

Mr. LONG. Mr. President, when I referred to the Senator from Nebraska as a "universal Democrat" I meant that the logic of the Senator from Nebraska follows not only the logic of Lincoln but that of Jefferson. Lincoln was a believer in and a follower of Jefferson, and had Jefferson lived at a time later than Lincoln he probably would have been a follower of Lincoln. The Senator from Nebraska is one who still really votes in line with the Jeffersonian and Lincolnian policies.

There are about 21 or 22 Republicans who do not dare vote for the Harrison bill as against the Patman will, but who will vote for the Vinson bill as against the Patman bill.

The Vinson bill does not provide for payment of the bonus, any more than a resolution of a chamber of commerce would pay the bonus. It merely provides a suggestion, and there would have to be another act of Congress passed appropriating the money, providing a way of paying the bonus, even though the Vinson bill were enacted. So the Vinson bill is what might be termed "a void"; it is just a shadow, with no substance to it. Therefore we are here in a shadow-boxing game.

There are some of us who claim, of course, to be a little bit more righteous in our advocacy of the soldiers' bonus than some others whom we know. They may make contrary claims, which we would dispute. But those of us who are trying to get the bonus across, who really want to give the soldiers something, realize that we are in a situation where we have to keep the conservative Democrats and the conservative Republicans divided, or the soldiers will not get a cent.

Mr. ASHURST. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arizona?

Mr. LONG. I yield.

Mr. ASHURST. I do not wish to inject myself into a controversy, but the able Senator from Louisiana has suggested that there are Senators here who desire to shift their responsibility.

Mr. LONG. No.

Mr. ASHURST. In my judgment, the situation is unique. I assert that never before within my memory has there been a question upon which each and every Senator was more anxious to vote than the question before us. Every Senator is anxious that the country should know whether he is for the Patman bill, the Vinson bill, or the Harrison bill. Whatever may be our faults of omission or commission, I do not believe there is today even one Senator who wishes to hide his position as to any one of those bills.

I think the Senator from Nebraska [Mr. NORRIS], whose statement was as clear as a cameo, has pointed out just what we may do. I myself am for the Harrison bill. I wish to have the world know it, and I believe that every other Senator is equally as frank as am I, and is awaiting the opportunity to declare to the country where he stands.

Mr. President, the Senate of course has faults. Being human beings, we know we have some faults; but it so happens that on the bonus question we ought to be free—if I may employ a word which Stephen A. Douglas was wont to use—from any charge of tergiversation; we ought to be free from any charge of being evaders, because I repeat, in my judgment every Senator is now willing that the country should know how he stands on this question.

I thank the Senator for yielding.

Mr. LONG. Mr. President, the Senator is absolutely correct about that. There never was a time when Senators were so anxious to have it known how they stand on this question. However, I will say for the information of the Senator from Arizona, that I am going to vote with him for the first time, to show him how well I like him; I am going to vote with him the first time out of my regard for the Senator from Arizona.

The fact is we are trying to pay the soldiers some money. I care not what the motives of people may be, I am a practical politician, and I am trying to pay the soldiers this money, and I know from what I have learned, that I can get about 21 votes on the Republican side in favor of the Patman bill as against the Harrison bill which we cannot get in favor of the Patman bill as against the Vinson bill. That is a frank statement.

Mr. ASHURST. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Arizona?

Mr. LONG. I yield.

Mr. ASHURST. If the Senator from Louisiana entertains that view, the difficulty can be obviated by asking unanimous consent that the Senate vote first on the Patman bill.

Mr. LONG. I shall do that. Mr. President, I now ask unanimous consent that the Senate vote first on the Patman bill.

Mr. HARRISON. I object.

Mr. LONG. The Senator from Arizona sees what happens. I now want my friend from Arizona to know how honest I am in reference to this question.

Mr. ASHURST. Mr. President, I do not question my friend's honesty.

Mr. LONG. I understand, but I want the other Senators who might have questioned it to know about it.

Mr. President, the fact is that we are up against some very clever politicians. They know this business. I use the term "politician" in an honest sense. Many people do not feel that way about politicians. The Senator from South Carolina looks at me as though he felt I meant to cast some aspersion on him every time I use the term "politician", but I am using that term in an honorable sense. We are up against some very clever politicians. If the Republicans—and I have a very high regard for them whenever I can get them to act for a good purpose—it does not make any difference who he may be, for a vote is a vote in the Senate—

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Illinois.

Mr. LEWIS. I suggest that my able friend from Louisiana should have a very high regard for the Republicans, but they should have a higher regard for him in view of the very great service he renders them.

Mr. LONG. That is the way the Senator from Illinois looks at this business, but the fact of the case is, Mr. President, that the Senator from Illinois sometimes can be mistaken. Unfortunately, I was not rendering the Republican Party a very good service when I was giving the Democrats my money last year and the year before, but I am now trying to render the Republican Party and the Democrats a joint service. I do not want them to get together. I know these folks. I mean those outside the Senate. I do not mean that any Senators would deal in any such manner. I mean the party leaders outside the Senate. I know that they have usually maneuvered matters so that the great bulk of the Democratic leadership in and out of the Congress goes right down the aisle with the great bulk of Republican leadership in and out of Congress, and we shall have to arrange so that they do not dare to be seen together or they will be together two-thirds of the time on every important bill. We shall have to see to it that they do not dare keep company and let the people find out they are kinsfolk. So if some of those who do not want any soldiers' bonus paid can vote for the Vinson bill over the Harrison bill, then they can afford to stand pat in favor of the Vinson bill against the Patman bill, but if we let the Harrison bill stay as it is, the same Senators are going to vote for the Patman bill against the Harrison bill. It is all right for them when they vote for the Vinson bill; then they can go out to the country and say, "We passed the proper law if the President had only appropriated and raised the money to pay the bonus." That is a particularly good political defense for them, but it does not provide the soldiers the bonus we are trying to give them.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Kentucky.

Mr. LOGAN. The American Legion officially endorsed the Vinson bill, did it not?

Mr. LONG. Not the American Legion. It was the legislative committee of the American Legion, I am told.

Mr. LOGAN. Was it not the executive committee?

Mr. LONG. And after that, the convention approved the Vinson bill. It was the legislative committee which first approved the Vinson bill.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. Of course, the Senator is not a member of the Legion? However, the Senator is perhaps familiar with the fact that under the constitution of the American Legion the governing body of the American Legion, the body repre-

sented the American Legion between conventions, is the national executive committee of the American Legion.

Mr. LONG. Composed of how many members?

Mr. CLARK. Composed of one member from each State, Territory, and insular possession, and certain past national officials.

Mr. LONG. Forty-eight.

Mr. CLARK. The action to which the Senator refers to as having been taken by the national legislative committee was taken by the national executive committee at a meeting called for that purpose.

Mr. LONG. My understanding is that when the convention met it endorsed the bonus, and the only bill pending at the time was the Patman bill.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McKELLAR. This morning I received a telegram from the member of the committee from Tennessee. He was in Indianapolis and he telegraphed me that the American Legion had instructed him to say that they were in favor of the Vinson bill.

Mr. LOGAN. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. LOGAN. The executive committee, under the authority of the constitution of the American Legion, has endorsed the Vinson bill and the Senator says it pays nothing. Is it the Senator's opinion that this committee of the American Legion is deliberately attempting to deceive the veterans?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Mr. President, I wish to make a statement and then ask the Senator from Missouri a question. It has been stated on the floor that the Vinson bill, if adopted, would be of no more importance than a resolution passed by some outside body. Statement has been made on the floor that if the Vinson bill is adopted the Congress must hereafter introduce and pass the appropriation to pay the soldiers. Inasmuch as the Senator from Missouri [Mr. CLARK] has introduced the Vinson measure, I ask him in the time of the Senator from Louisiana to make a statement of just what the soldiers would get in the event the Vinson bill becomes a law?

Mr. CLARK. Mr. President, I shall be glad to make a statement in my own time and not in the time of the Senator from Louisiana.

Mr. LOGAN. If the Senator from Louisiana will further yield, I should like to make a statement, and then I will have no more to say about it.

Mr. LONG. I yield to the Senator from Kentucky.

Mr. LOGAN. First, I will say I am for the Vinson bill. Second, I am for the Harrison bill. And after that, let nature take its course.

Mr. LONG. Mr. President, I desire to amplify the question of my friend from Oklahoma, and make a statement. The statement is that a soldier will not get a thing on earth out of the Vinson bill unless there shall be further action by the Congress.

Mr. BONE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BONE. I have in my hand a copy of the Vinson bill and I shall read a line or two from it. This is the language which I read from the Vinson bill:

Payment on account of such certificates—

Meaning the adjusted-compensation certificates—

shall be made in the manner hereafter provided in this act.

Then I look through the entire bill and I find this language, which is at the end of the bill:

There is hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

That is all there is in the Vinson bill. Is there any other language anywhere in the bill which I have overlooked, I will ask the Senator from Louisiana?

Mr. LONG. No; there is not.

Mr. BONE. Where in the Vinson bill is the payment provided for?

Mr. LONG. If any Senator thinks the Vinson bill provides for the payment of the bonus, he ought either to be disbarred as a lawyer, if he is a lawyer, or I ought to be for thinking as I do with regard to what it provides. Any lawyer who thinks the language of the Vinson bill provides for paying the bonus ought to be disbarred, or if he is right I ought to be disbarred for being incompetent. If the 48 representatives of the American Legion, or 48 Senators from 48 States, drew that bill intending that it was going to pay the soldiers' bonus they would have done better never to have met. I am told that the leaders of the American Legion were not in favor of the bonus anyway, but that their rank and file were in favor of it, and voted for it over their heads, and when the members voted for a bonus what soldiers' bonus bill were they voting for? They were voting for the bill which HUEY LONG offered in the Senate, because it was the only bill there was in the Senate, and that was the Patman bill. They were voting for the bill which WRIGHT PATMAN offered in the House, because it was the only bill pending in the House. Then after they had endorsed the soldiers' bonus, and the Patman bill at that time being the only bonus bill pending, 48 men—and the chances are that the majority of the 48 did not want the convention to vote for the bonus anyway—go off by themselves and draw them up something which they call a bonus bill. You might just as well label a witch an angel as to label the Vinson bill a bonus bill. The Senator from Washington [Mr. BONE] is exactly correct about it when he says that it is provided in the Vinson bill that "payment shall be made as hereinafter provided", and when we look further we find that it says, "We hereby authorize Congress to appropriate the money to pay the soldiers' bonus."

Mr. BONE. At some time!

Mr. LONG. At some time, somewhere, somehow. Does anyone mean to tell me that we need an act of Congress to authorize Congress to appropriate the money to pay the soldiers' bonus some time from now? What Member of the Senate is going to make any such statement as that?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McKELLAR. Mr. President, I think it ought to be said, and the Senator should be informed, that before the Appropriations Committee is authorized to make any appropriation there has to be a law providing for that appropriation. It would be out of order to put an appropriation in this bill. This bill authorizes an appropriation, and whenever the Congress authorizes an appropriation it is in order for any Senator to move to provide for it.

Mr. LONG. Then we ought to have passed the relief bill first and later come along with an appropriation.

Mr. McKELLAR. We have done it in every case.

Mr. LONG. Oh, no.

Mr. McKELLAR. In every bill that is reported by the Appropriations Committee there must be an authority for the appropriation passed by Congress in order to make the money available.

Mr. LONG. The Senator does not mean to tell me that we have got to pass a bill and have it become a law before the Appropriations Committee can consider an appropriation for it.

Mr. McKELLAR. Of course, if the Senator is not familiar with the policy and practice, he is just not familiar with it, that is all.

Mr. LONG. According to that, the relief bill would have had to be passed first and then we would have had to pass another bill appropriating \$4,880,000,000. That is not the law; nobody ever heard of such a law as that; at least, nobody else ever heard of it.

Mr. McKELLAR. The Senator is just ignorant about it.

Mr. LONG. Oh, no; the Senator from Tennessee does not understand what I am talking about.

Mr. COUZENS. May I ask the Senator from Tennessee to point out the authorization for the appropriation of \$5,000,000,000 in the relief bill?

Mr. McKELLAR. That was purely a relief bill originating in the other House. The Senator knows, as I thought every other Senator knew, that before the Appropriations Committee has power to put an appropriation in a bill there must be some act of Congress authorizing the expenditure.

Mr. COUZENS. Will the Senator please give me the reference to the authorization for the money appropriated by the relief bill?

Mr. McKELLAR. I would have to look it up, because I do not know as to that particular measure. That bill was brought before the Senate while I was out of the country, and when I came here I found it pending. But under the rules of the Senate there must first be an authorization. The Senator will recall that the construction of Boulder Dam was first authorized and then afterward an appropriation was made; so as to every other bill there must be an authorization for the appropriation.

Mr. LONG. The payment of the bonus has already been authorized; these adjusted-compensation certificates have been authorized for about 7, 8, or 9 years. So we do not have to have another act to authorize Congress to pay them. If that is the kind of thing for which the Senator is contending, then I will say the bonus has been authorized for a period of 9 years. Why do we need another act authorizing Congress to do something that it has already been authorized to do?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. Certainly the Senator from Louisiana is not contending that an authorization to pay the bonus in 1925 could be taken as authority for an appropriation to pay the bonus in 1935?

Mr. LONG. No; but the Senator from Louisiana is a lawyer, has practiced before most of the courts of the country, made a pretty good living, and did not have to have anybody before him to get any law practice, and he knows a legislative body can pass a bill and appropriate money for it at the same time. There is nothing in the Constitution of the United States and in no other constitution that ever held anything else, and no court on the face of the civilized or the uncivilized earth ever held to the contrary. You cannot hand us that hind teat; we will not take it. Senators come in here with a bill proposing to authorize the Congress to pay something that Congress was authorized to pay 10 years ago, and they hand that kind of a thing to us. I discern that an enormous amount of remarkable enthusiasm has been engendered here in favor of the Vinson bill since it has been found out that it does not propose to pay anything. It is remarkable how enthusiastic a certain bloc in the Senate that has always fought the bonus has suddenly become for the Vinson bill since the Senator from Washington rose and the Senator from Oklahoma rose and unmasked the whole performance. The minute the Senator from Oklahoma rose and the Senator from Washington rose behind him and showed that the Vinson bill provided specifically for nothing, that bill received remarkably enthusiastic support from the bloc in this body that always has voted against the bonus. It is remarkable, but, perhaps, is just one of those coincidences that a blind man can see and a deaf man can hear.

When I offered the bonus bill here the last time, the Patman bill, did anybody else offer any other kind of a bill? No; nothing of the kind happened. When the Representative from Texas offered his bill, did anyone else offer any other kind of a bill? Nothing of the kind happened. We are now trying to get for the boys who are lying in the hospitals and for those who are out of work, who went away with the flags flying and the bands playing, the right to be paid this money that the United States of America owes them, and we are met with one kind of a parliamentary strategy at one door and another club at another door and another one at another door, and we are told all the time just to put the money a little bit nearer the reach of the soldier, but never quite put it entirely in his grasp.

Is anybody going to contend that the Patman bill is not constitutional? No. On the contrary, everyone knows it is,

and the reason some of the Members of this body are not going to want to vote for the Patman bill is because of the fact that the Patman bill, if enacted, will pay the money which is due.

I went over on the Republican side this morning and I went around the Democratic side. I do not mind being seen over on the Republican side; I would just about as soon be seen with one of them as the other. There is only one difference between them. Whenever I see the Democratic leaders get up here and hear them make speeches cussing out the Republicans, and then the Republican leaders getting up and making speeches cussing out the Democrats, I am reminded of my old cousin, Jim Terrell, down in Louisiana, who told me about the time he thought his lawyer was going to whip his opponent's lawyer. It looked to him like his lawyer was going to jump on the other man's lawyer every minute; but the first thing he knew—after his lawsuit had been lost—he saw both his lawyer and the other man's lawyer go out and have a drink together, apparently as if there had never been any lawsuit. [Laughter.]

I have seen too much sham battling in the United States Senate. I come back from the woods. I know when the imagination touches me, imagination which the crude rudiments of refinement have never yet erased, and I know that we have got to have a majority of votes to provide specifically that the soldiers shall have this money paid to them or they are not ever going to get a 5-cent piece, and that if the Congress should adjourn after passing this nefarious bill they will not get a 5-cent piece. I will read from section 5:

There is hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

Now just hold on a minute. I am going to show the Senate something. If my friends from Missouri and Kentucky had not written this provision in the bill, as they did, it might have been that there would have been one chance out of a thousand to have paid this money from some unappropriated source or some money not otherwise appropriated, as was done in the case of the relief bill, but, oh, no, they provide:

The adjusted-service certificates issued under the authority of such act are hereby declared to be immediately payable. Payments on account of such certificates shall be made in the manner hereafter provided in this act.

Inclusio unius est exclusio alterius.

Is that right, I will ask my friend from Illinois?

Mr. LEWIS. Not quite; but it is well meant. [Laughter.]

Mr. LONG. In other words, Mr. President, this act has specifically dedicated the particular sum, the particular manner, and none of it may be used except such as is described in the Vinson bill, and the Vinson bill says that a certificate shall be paid in the manner prescribed by this bill.

Inclusio unius est exclusio alterius.

What is the manner expressed by this bill? Here it is. My friend from Indiana is trying to compete with me in my quotation of Latin, but I am not going to let anybody into the RECORD now.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. The manner provided by this bill is set forth in sections 3 and 4, and not in section 5, to which the Senator from Louisiana has been referring. The manner provided in this bill is—

SEC. 3. (a) An application for payment under this act may be made and filed at any time before the maturity of the certificate (1) personally by the veterans, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed.

The authorization contained in section 5 does not purport to be the manner of paying the bonus prescribed in the other section. That comprises an authorization for the appropriation out of the Treasury that may be carried in any regular appropriation bill or be offered as an amendment on the floor to any regular appropriation bill.

Mr. LONG. Mr. President, sections 3 and 4 may be a part of it, but section 5 reads as follows:

There is hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McKELLAR. That is in exact accord with the rules of the Senate. Rule XVI, paragraph 2, has this to say on this very subject:

The Committee on Appropriations shall not report an appropriation bill containing amendments proposing new or general legislation.

And, of course, this is general legislation.

Mr. LONG. It is not new.

Mr. McKELLAR. It is not new, but it is general legislation.

Mr. LONG. That is not the question.

Mr. McKELLAR. The rule continues:

And if an appropriation bill is reported to the Senate containing amendments proposing new or general legislation, a point of order may be made against the bill; and if the point is sustained, the bill shall be recommitted to the Committee on Appropriations.

That has led to the uniform practice in the Senate that for every appropriation there must be authority; there is no escape from it.

Mr. LONG. Let me see the rule.

Mr. McKELLAR. I will show it to the Senator. It is just the usual, ordinary, everyday practice of the Senate.

Mr. LONG. The Senator had to get away from the rule and refer to some ordinary practice.

Mr. McKELLAR. No; I am not, because I am just as much in favor of the soldiers' bonus as is the Senator from Louisiana. I have time and again voted for the soldiers' bonus, and I will do so again.

Mr. BONE. Mr. President—

Mr. LONG. I yield to the Senator from Washington.

Mr. BONE. I asked the Senator from Louisiana to yield in order that I may direct a question to the Senator from Tennessee, who is a good parliamentarian.

Mr. McKELLAR. No; I am a very poor parliamentarian, but I know the practice of the Appropriations Committee, where I have served for a long time.

Mr. BONE. These suggestions are rather confusing to some of us who have not that familiarity with the rules bred by long association and experience with them. However, I have in my hand the Emergency Relief Act of 1935. There probably are provisions in it that I have not been able to put my finger on.

Mr. McKELLAR. My attention was called to it a few moments ago. I do not recall what the facts are about that particular bill.

Mr. BONE. With the consent of the Senator from Louisiana may I read this language to the Senator from Tennessee:

There is hereby appropriated out of any money in the Treasury not otherwise appropriated, \$4,000,000,000.

Mr. McKELLAR. Similar language to that is in every appropriation bill. The \$4,000,000,000 measure was an appropriation measure, purely an appropriation measure. Laws had been enacted previous to that time providing for public works and other things which were to be done with the money appropriated in that measure. That language is in every appropriation. That was an appropriation measure while the bill now before us is a legislative bill.

Mr. BONE. Mr. President, will the Senator from Louisiana yield a moment further?

Mr. LONG. I yield.

Mr. BONE. I understand that clearly enough, but the discussion has revolved around the proposition that there must be a preliminary law authorizing the appropriation. There was no bill preceding and no legislation preceding which authorized that \$4,000,000,000 appropriation.

Mr. McKELLAR. Oh, yes; there was a great deal of legislation relating to public works. I do not remember that there was a specific authorization of a specific amount. We can appropriate whatever the Congress wants to appropriate.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. The question of jurisdiction of the committee comes into this matter. The Appropriations Committee cannot report to the Senate what is known as a "legislative bill." When it reports an appropriation bill presumably it is supposed to be a bill providing an authorization, but it does not have to do that.

With reference to the \$4,000,000,000 Public Works bill, there had been no specific authorization covering the entire program contemplated by that measure. That was expected to be expended at once. It is the rule, which has been referred to by the Senator from Tennessee [Mr. McKellar], that amendments to a general appropriation bill involving new legislation or substantive legislation are not in order. The committee itself could not report such amendments without having them subject to a point of order. There is a difference always between a mere authorization, which has to be followed by an appropriation, and the appropriation itself.

The Senator from Louisiana [Mr. Long] seemed to catch the word "new" legislation as if this were new. Of course that is not the meaning of the rule. The word "new" applies to legislation which is not in existence or has not heretofore been enacted or authorized. The fact that it has been talked about for a century would not take it out of the definition of "new" as applied by the rule itself.

Mr. LONG. Mr. President, we have had a lot of argument about something that does not mean a thing in the world. What we finally get down to is that the Senator from Tennessee found that we had appropriated \$4,800,000,000 and violated the rule he had in mind, and he did not know anything about it. If that is so, why worry about an appropriation in this instance? As a matter of fact, this proposed legislation is neither new nor general, because we have already committed ourselves to pay the bonus, and it is not general because it only applies to the ex-soldier.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. THOMAS of Oklahoma. On page 158 of the hearings General Hines testified that to pay the soldiers' bonus under the Vinson bill would necessitate an appropriation of \$2,263,545,684. In order to test the desire and wishes of those in favor of the soldiers' bonus, I ask permission at this time, in the time of the Senator from Louisiana, to submit a new section to the Vinson bill and ask that it may be read at the desk.

Mr. LONG. I yield for that purpose.

Mr. BARKLEY. Mr. President, will the Senator yield further before the amendment is read?

Mr. LONG. Very well.

Mr. BARKLEY. Of course, the Senate has the power to change the nature of this section by striking out the word "authorized" and making it a direct appropriation.

Mr. LONG. We are doing that now. Listen to the amendment which has been offered by the Senator from Oklahoma.

The PRESIDENT pro tempore. The Senator from Oklahoma asks permission to have read a new section, which he proposes to offer to the so-called "Vinson bill."

The LEGISLATIVE CLERK. It is proposed to add a new section, as follows:

Sec. 6. There is hereby appropriated, from any funds in the Treasury not otherwise appropriated, the sum of \$2,263,545,684 to carry out the provisions of this act.

Mr. HARRISON. Mr. President, I make the point of order that the Senate cannot initiate an appropriation, and there is no authority of law.

The PRESIDENT pro tempore. It is the opinion of the Chair that there is no constitutional limitation upon the Senate to initiate an appropriation. The point of order is overruled.

Mr. LONG. Has the Chair ruled that we can offer the amendment?

The PRESIDENT pro tempore. That is the ruling of the Chair.

Mr. LONG. Then the next thing is to vote the appropriation. I know we will have no difficulty in doing that.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. THOMAS of Oklahoma. Has not the Senate at this time the privilege and the power to perfect the substitute known as the "Vinson bill"?

The PRESIDENT pro tempore. That is the opinion of the Chair.

Mr. THOMAS of Oklahoma. Then, if the Senator from Louisiana will yield for that purpose, I offer the amendment which has just been read.

Mr. LONG. I yield for that purpose.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Oklahoma, which has just been read, to the amendment of the Senator from Missouri [Mr. Clark] in the nature of a substitute.

Mr. LONG. Mr. President, I am sure my Republican friends will now be glad to vote for this appropriation. I am glad to see us strike this note of harmony. I want to thank my friend from Tennessee for the suggestion. We are all coming together now, either way the cat hops, to get the money for the soldier.

Unless there is opposition I am going to ask unanimous consent that the amendment be adopted. If there is no objection, I should like to have that done. I do not want to do that, however, with the Senator from Missouri [Mr. Clark] absent. I will ask that the Senator from Missouri be sent for. I am sure he will be happy to have this done; it will avoid some trouble.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. Do I understand the Senator to ask unanimous consent that the amendment be considered as adopted?

Mr. LONG. If there is no objection.

Mr. BARKLEY. It is not the customary way of adopting amendments. Senators will want to vote on it. We do not adopt amendments by unanimous consent, except mere formal amendments.

Mr. LONG. It is only a formal amendment. It involves only \$2,000,000,000. [Laughter.]

Mr. BARKLEY. That would be regarded by the Senator from Louisiana probably as a mere pro forma amendment, like striking out the last word, as is done in the House, though we have no rule allowing that in the Senate.

Mr. LONG. But the bill authorizes the appropriation, authorizes the Congress to make the appropriation, and the Senator from Tennessee explained to us that this is only formal. I do not want to be debating a useless matter. If we are all agreed that we will perfect the Vinson bill by this amendment making provision for the appropriation, then I should not be consuming time and arguing a matter on which we are all agreed.

Would the Senator from Kentucky oppose the amendment?

Mr. BARKLEY. I do not have to answer the Senator from Louisiana whether I oppose or approve the amendment. If it is to be adopted, it ought to be voted on and not agreed to by unanimous consent. Such a request is a little bit out of the ordinary. I believe in pursuing the ordinary course.

Mr. LONG. I am not going to delay the matter.

Mr. BARKLEY. Frankly, if the Vinson bill, or any other bill, is to be passed to pay the bonus, I think it ought to provide for a direct appropriation to pay it—

Mr. LONG. That is right.

Mr. BARKLEY. Although there is a good deal to be said in favor of the authorization. The direct appropriation assumes that everybody is going to apply for payment of the bonus and, therefore, the maximum amount would be carried in the appropriation, whereas it might be that only half

of the number would apply or only half of the amount would be needed.

Mr. LONG. That is true.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. In offering the amendment, I do not disturb section 5, which is the authorization provision. If the bill should become a law, it would carry the authorization, and then the next section would make the appropriation. Following the suggestion of the Senator from Kentucky, I desire to modify my amendment to include certain words, and I will ask to have the modified amendment read.

The PRESIDENT pro tempore. The amendment, as modified, will be read.

The LEGISLATIVE CLERK. The Senator from Oklahoma modifies his amendment by inserting after the numerals the words "or so much thereof as may be necessary", so as to make the section read:

SEC. 6. There is hereby appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$2,263,545,184, or so much thereof as may be necessary, to carry out the provisions of this act.

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. I yield.

Mr. BARKLEY. If this is to be a direct appropriation, there is no need to have an authorization for it. It is perfectly silly to have one section authorizing the appropriation and the next succeeding section making the appropriation. There is no need to make two bites of it. If it is to be an appropriation, it ought to be an appropriation, and there is no need for an authorization.

Mr. LONG. It does not hurt anybody's feelings to have the authorization.

Mr. BARKLEY. In the interest of economy it ought not to be stated twice unless it is necessary. It will require considerable economy to work out the proposition.

Mr. LONG. It does not hurt anybody's feelings. I do not want to delay a vote on the pending amendment which has been offered by the Senator from Oklahoma. I should want to be heard on the matter otherwise, but I should like to have a vote on the amendment now.

Mr. THOMAS of Oklahoma. On my amendment I ask for the yeas and nays.

The PRESIDENT pro tempore. Is the request seconded?

Mr. LONG. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Radcliffe
Ashurst	Copeland	Lewis	Robinson
Austin	Costigan	Logan	Russell
Bachman	Couzens	Loneragan	Schall
Bankhead	Dickinson	Long	Schwollenbach
Barkley	Dieterich	McAdoo	Sheppard
Bilbo	Donahey	McCarrahan	Shipstead
Black	Fletcher	McGill	Smith
Bone	Frazier	McKellar	Steiwer
Borah	Gerry	McNary	Thomas, Okla.
Brown	Gibson	Metcalf	Thomas, Utah
Bulkley	Glass	Minton	Townsend
Bulow	Gore	Moore	Trammell
Burke	Hale	Murphy	Truman
Byrd	Harrison	Murray	Tydings
Byrnes	Hastings	Neely	Vandenberg
Capper	Hatch	Norris	Van Nuys
Caraway	Hayden	Nye	Wagner
Carey	Johnson	Overton	Walsh
Clark	Keyes	Pittman	White
Connally	King	Pope	

Mr. LEWIS. I reannounces the absence of certain Senators, and the reasons therefor, as given by me on the previous roll call.

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present.

Mr. CLARK. Mr. President, while I do not by any means agree with the view of the Senator from Oklahoma as to the nugatory effect of a mere authorization as against an

appropriation—because, to my mind, that is the orderly legislative method of proceeding—so far as I am concerned I am perfectly willing to accept the amendment and make this an appropriation instead of an authorization.

Mr. LEWIS. Mr. President, at this point may I be pardoned for interrupting the Senator?

Mr. CLARK. I yield to the Senator from Illinois.

Mr. LEWIS. I desire to ask if it be not true that under this amendment the bill would carry more money than would be carried under the Patman bill?

Mr. CLARK. I will say to the Senator from Illinois that that statement is perfectly correct. The Vinson bill carries something like \$100,000,000 more than the Patman bill. Of course, the Harrison bill carries very much less than either one of the others.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I suggested a moment ago to the Senator from Louisiana, I suppose, of course, none of this money will be paid out to an ex-service man who does not apply for it.

Mr. CLARK. That is provided in the bill.

Mr. BARKLEY. I understand; but if the Senator should accept the amendment to his own substitute, and it should be agreed to, there would be a possibility of our finding ourselves in the position of appropriating millions of dollars more than would ever be called for by the ex-service men. Therefore, it would seem more orderly to make the authorization, and have the money appropriated as it is needed from time to time and called for by the ex-service men.

Mr. CLARK. I will say to the Senator from Kentucky that, so far as I am concerned, I think the orderly, regular process of making an authorization, and then having the appropriations brought in by the Appropriations Committee from time to time in due course, which is uniformly followed in the Congress, is preferable to the plan proposed by the amendment of the Senator from Oklahoma; but since there is a very wide-spread belief that to take two bites of the cherry in this particular case would tend toward delay, and that following the precedent set on the public works joint resolution it is desirable to make an outright appropriation, I am willing, so far as I am concerned, to accept the amendment of the Senator from Oklahoma.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS] to the amendment offered by the Senator from Missouri [Mr. CLARK], in the nature of a substitute for the amendment reported by the committee.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. CUTTING]. Has that Senator voted?

The PRESIDENT pro tempore. He has not.

Mr. GLASS. Then I shall have to withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MURRAY. My colleague the senior Senator from Montana [Mr. WHEELER] is compelled to be absent. If he were present, he would vote "yea."

Mr. LEWIS. I regret to announce that the senior Senator from North Carolina [Mr. BAILEY] is detained on account of illness in his family; and the Senator from Connecticut [Mr. MALONEY] is detained on account of illness.

The Senator from Wisconsin [Mr. DUFFY] is detained at a conference at the White House. I am advised that if present and voting he would vote "yea."

The Senator from Georgia [Mr. GEORGE], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are unavoidably detained from the Senate.

The Senator from North Carolina [Mr. REYNOLDS] is necessarily absent on an official mission of the Senate to the Virgin Islands.

Mr. AUSTIN. I announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from North Carolina [Mr. REYNOLDS]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Wyoming [Mr. O'MAHONEY].

I am not advised how any of these Senators would vote on this question.

I also announce the necessary absence of the Senator from South Dakota [Mr. NORBECK].

The result was announced—yeas 57, nays 23, as follows:

YEAS—57

Adams	Coolidge	McAdoo	Schall
Austin	Copeland	McCarran	Schwellenbach
Bachman	Costigan	McGill	Sheppard
Bankhead	Dickinson	McKellar	Shipstead
Bilbo	Dieterich	Minton	Smith
Black	Donahey	Murphy	Stelwer
Bone	Frazier	Murray	Thomas, Okla.
Borah	Gibson	Neely	Thomas, Utah
Bulkley	Hastings	Norris	Townsend
Bulow	Hatch	Nye	Trammell
Byrnes	La Follette	Overton	Truman
Capper	Lewis	Pittman	Vandenber
Caraway	Logan	Pope	Van Nuys
Carey	Long	Russell	White
Clark			

NAYS—23

Ashurst	Couzens	Johnson	Moore
Barkley	Fletcher	Keyes	Radcliffe
Brown	Gerry	King	Robinson
Burke	Hale	Loneragan	Tydings
Byrd	Harrison	McNary	Walsh
Connally	Hayden	Metcalf	

NOT VOTING—15

Bailey	Duffy	Guffey	Reynolds
Barbour	George	Maloney	Wagner
Cutting	Glass	Norbeck	Wheeler
Davis	Gore	O'Mahoney	

So the amendment of Mr. THOMAS of Oklahoma to the amendment of Mr. CLARK in the nature of a substitute for the amendment reported by the committee was agreed to.

Mr. GORE. Mr. President, I did not vote on the roll call which has just been concluded. When it began, I was seeking to offer an amendment to the amendment proposed by my colleague [Mr. THOMAS].

I will have the proposed amendment read. My amendment would have given the President the power and the discretion to pay the bonus out of the moneys heretofore appropriated under the \$5,000,000,000 relief measure. If I could have offered my amendment and it had been agreed to, then I would have voted for the amendment of my colleague as so amended.

I should like to have the amendment read into the RECORD, in order that Senators may see what I have in mind.

The PRESIDENT pro tempore. The clerk will read.

The legislative clerk read the proposed amendment, as follows:

SEC. —. Notwithstanding any other provision contained in this act, the President is hereby granted the power and the option to make payment of such adjusted-service certificates—with the consent of the owner—in whole or in part—in cash or partly in cash or partly in bonds, immediately or on the installment plan (less in any case of payment in full the amount of any loan or indebtedness secured by such certificate) and in order to make such payments the President is authorized to make use of any unexpended balance, not exceeding \$1,700,000,000 of the moneys appropriated in Public, No. 11, Seventy-fourth Congress, making provision for relief purposes, approved April 8, 1935.

Mr. GORE. Mr. President, in the committee I offered this amendment to the bill which was reported, the Harrison bill. It was rejected by the committee. As I stated a moment ago, I was seeking an opportunity to offer this as an amendment to the amendment of my colleague, when the roll call began.

Mr. THOMAS of Oklahoma. Mr. President, is an amendment pending before the Senate?

The PRESIDENT pro tempore. The question now is on the amendment in the nature of a substitute, offered by the Senator from Missouri [Mr. CLARK], as amended.

Mr. THOMAS of Oklahoma. Mr. President, I have just been advised by the representatives of the Veterans' Administration that the Vinson bill does not provide for transferring the money now in the adjusted-service-certificate fund, and if the bonus is to be paid, of course, that fund should

be made available and transferred to the regular fund, from which payments may be made.

Because of this condition, I offer a new section, to become section 7, which I now ask to have reported.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add a new section, as follows:

SEC. 7. In addition to all other purposes for which it is available, the adjusted-service certificate fund is hereby made available for any payment authorized by this act.

Mr. HARRISON. Mr. President, I have conferred with the representatives of the Veterans' Administration, and if there is a possibility or probability that the so-called "substitute" which is now being perfected will be agreed to, such a provision as this ought to go into it. Therefore, so far as I am concerned, I have no objection to it.

Mr. CLARK. Mr. President, I am entirely willing to accept the amendment. I think it is desirable and necessary.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment, as amended, of the Senator from Missouri [Mr. CLARK] in the nature of a substitute for the amendment of the committee.

Mr. HARRISON. Mr. President, before the vote is taken I wish to occupy the time of the Senate for merely a moment.

The Committee on Finance has reported the amendment to which the amendment of the Senator from Missouri [Mr. CLARK] is offered as a substitute, in the belief and in the full confidence that if it should be agreed to by the Congress the bill would be signed by the President of the United States.

I say without question that if the so-called "Vinson bill" shall be passed it will be vetoed by the President of the United States and the matter will be back here in our hands.

If the Senate desires to engage in a sham battle by voting for a proposition, and have it sent back as the result of a Presidential veto, which will not be overridden by the Senate, the ex-service men will get nothing. On the contrary, if the proposal now offered shall be defeated and the recommendation of the Finance Committee shall prevail, there will be a law upon the statute books, for I say with full confidence that the bill will be signed by the President of the United States.

Mr. President, that is all I desire to say. I hope that the substitute will be defeated.

Mr. LONG. Mr. President, I have sought the advice of my friends on this side of the Chamber, and some on the other side, and they tell me now that we are all in favor of the amendment of the Senator from Missouri to the committee amendment known as the "Harrison bill." We now favor the Vinson bill as a substitute for the Harrison bill. I shall vote "yea" on this question, and the Senator from Oklahoma tells me he will vote "yea." In other words, we are going to get the bonus paid. Whether we have the Patman bill or the Vinson bill, the bonus is going to be paid if we vote "yea" and adopt either one of these bills.

After we have adopted this amendment we will have a chance to say which we prefer as between the Patman and the Vinson bills, but now, since the Senator from Missouri has met us more than halfway, we ought to be with him and vote in favor of the Vinson substitute for the Harrison bill.

Mr. GORE rose.

The PRESIDENT pro tempore. Does the Senator from Oklahoma desire to be recognized?

Mr. GORE. Mr. President, I have no remarks to make, but I desire to offer an amendment to the pending amendment.

The PRESIDENT pro tempore. The Senator will present his amendment.

Mr. GORE. I present an amendment to be inserted as a new title. I will ask the Senator from Missouri to pay special attention to the amendment as it is read. Perhaps he will be willing to accept it.

The PRESIDENT pro tempore. The clerk will state the amendment to the amendment.

The CHIEF CLERK. At the end of the amendment, as amended, of Mr. CLARK it is proposed to insert the following:

TITLE II

SECTION 201. That the President is authorized to enter into agreements with the several foreign governments which are indebted to the United States to readjust such indebtedness, or to refund or convert in pursuance of such agreements the bonds or other obligations of such governments now held by the United States, and to obtain immediate payment of a portion of such readjusted indebtedness in accordance with the provisions of section 202 of this act.

SEC. 202. The first condition of any such agreement shall be that the foreign government entering into the same shall, prior to November 11, 1935, pay or make provision for the payment of, in such form as may be agreed upon, a sum which bears the same proportion to \$1,750,000,000 that the readjusted indebtedness of such government bears to the total readjusted indebtedness of foreign governments to the United States, made hereunder or such other sum as may be agreed to by the President. Such sum or any part thereof when collected or realized shall be used as far as necessary or available to pay the difference between the amount paid on said adjusted-service certificates, respectively, in pursuance of title I hereof and the face value of such certificates less, in any case of payment in full, the amount of any loan or indebtedness secured by such certificate as provided in section 3 of title I of this act: *Provided*, That any part of such sum not required and used for such purpose shall be used to redeem the bonds issued in pursuance of title I of this act.

SEC. 203. The President is further authorized to agree to accept from any foreign government which shall comply with the preceding section full or partial payment, or security for payment, of any balance of the readjusted indebtedness which may be agreed upon in any or all of the following forms:

(a) By the delivery of bonds of such government, or other acceptable securities, to the United States, which bonds shall not be sold or disposed by the United States except when the United States is in a state of war as the result of a formal declaration by Congress.

(b) By guaranteed credits in the central bank of the signatory power or such other bank as may be agreed upon, said credits to be available and availed of by the United States only when in such a state of war.

(c) By selling or supplying to the United States, when in such a state of war, ships or shipping facilities or munitions or other military equipment or supplies, at a price not in excess of the cost of production in the country producing and supplying the same, in an amount agreed upon in pursuance of this act.

SEC. 204. The President is authorized to enter into a special agreement with Great Britain to readjust the amount of its indebtedness to the United States so that the ratio of reduction of its original indebtedness will be the same as that heretofore applied in revising and refunding the indebtedness owed to the United States by the Republic of France, upon condition that the Government of Great Britain stipulate to provide or supply the United States, when the latter is engaged in war, with tin and rubber at prices prevailing at the time of delivery. Nothing in this section shall be construed to prohibit a further readjustment of the indebtedness of Great Britain in accordance with the preceding sections of this act.

SEC. 205. Whenever the President shall enter into an agreement with any foreign government in pursuance of this title he shall then and thereupon be authorized to suspend the operation of Public, No. 151, Seventy-third Congress (the Johnson Act), respecting such government and its nationals, so long as, and only so long as, he shall find it consistent with the public interest to do so, and he shall have authority to prescribe suitable rules and regulations to carry into effect the provisions of this section.

SEC. 206. The President is authorized to prescribe the necessary and proper rules and regulations to carry into effect the provisions of this title.

Mr. CLARK. Mr. President, let me say that, so far as I am personally concerned, I am entirely in sympathy with the purpose sought to be achieved by the amendment of the Senator from Oklahoma [Mr. GORE]. However, in view of the fact that a large number of Senators are interested in the substitute which I have proposed for the committee amendment, I do not feel that I individually am justified in accepting an amendment which introduces another and highly controversial subject. Therefore, much as I am in sympathy with the aim of the Senator from Oklahoma, I shall be forced to vote against the amendment.

Mr. LEWIS. Mr. President, I have from time to time brought to the attention of the Senate my wish to have the debts due us from foreign governments paid. I have often gone so far as to cast criticism on the governments which have deferred payment, and others which have declined to pay either principal or interest.

Mr. President, it will be recalled by the able Senator from Oklahoma [Mr. GORE], who presents the pending amend-

ment, that we have an act of Congress which forbids the settlement of these debts except by the act and action of Congress. The eminent Senator from Oklahoma now tenders an amendment which carries with it directions that we shall have commercial dealings and international and diplomatic dealings, which I feel, sir, tend a great deal directly to oppose the action which we have taken with regard to the payment of the debts. We are by this proposition of the Senator from Oklahoma asked to cancel part of the debts and compromise the remainder.

I respectfully suggest that the President may be authorized to enter into any arrangement looking to the payment of these debts which he feels the best, and any adjustment he feels the most appropriate, and from which shall be obtained for the Government the largest sum of money. Then such conclusion will have to be submitted to the whole Congress. The proposition would have to be adopted or rejected according to the previous law which Congress passed on the subject.

To present this particular amendment at this time to the present measure would involve the measure in complication to such an extent that I feel it would hold up its passage, and that there would be debate on the subject which would hold up the final consideration of the measure for a considerable portion of the remainder of the immediate session of Congress.

On the other hand, I feel it offers a qualification or limitation in behalf of these debts which I cannot accept. I feel that the foreign government debtors should pay the debts as contracted, unless the President of the United States for reasons submitted to this honorable body and ratified, should conclude to the contrary, and that conclusion could not be binding unless we, as Congress, should wish to adopt it.

I respectfully protest against anything which would deprive Congress of the right to collect the foreign debts as contracted. The measure presented by the honorable Senator from Oklahoma, if added to the bonus bill, will prevent this body and the whole Congress from giving due and proper consideration to a separate subject. For that reason, as much as I should be glad to give my approval to any proposition presented by the Senator from Oklahoma, I take the liberty of opposing the amendment that would release or reduce the payment of these debts.

Mr. GORE. Mr. President, I shall detain the Senate but a moment. This amendment was drawn with the intention of offering it to the Harrison bill itself. It would have to be modified before it would be strictly in order with reference to the pending amendment.

I entirely agree with the Senator from Illinois that the debtor nations ought to pay their debts. I think debtors generally ought to pay their debts.

Mr. President, nothing is more certain than that these debtor nations will never pay these debts in full. That is a fixed fact.

It is equally certain that the Congress of the United States will never cancel these debts outright. That is a fixed fact.

It is no less certain that these debts obstruct and choke the channels of international trade. They obstruct commerce. They hinder recovery. They are like debris in the avenues of international trade and commerce. The present status militates against the debtors and it militates against the United States as a creditor nation. It serves the interests of neither.

We ought to look the facts in the face. We are now in a dilemma from which there seems little if any escape.

The amendment which I have offered empowers the President to enter into agreements with the debtor nations, the one fixed condition being that they pay or provide cash enough to retire the adjusted-service certificates.

If the debtor nations will pay anything they will pay the certificates held by the men who fought and bled in their defense. If the debtor nations will not pay those they will not pay anything, and if that be true, the sooner we know the truth the better. There is no point in deceiving ourselves, and there is no point in continuing a condition which does not injure our debtors alone. If it injured them alone,

that would raise a different question and might suggest a different policy.

The existing situation with reference to foreign government debts militates against the United States. It obstructs our commerce. It hinders our recovery. It protracts this depression. It is neither the part of wisdom nor statesmanship to perpetuate a condition which injures everybody and serves no one.

In addition to that, if I may be indulged so unusual a remark—if the President, through negotiation, could prevail on the debtor countries to provide cash enough to retire these adjusted-service certificates it would obviate the necessity of imposing additional taxes upon the American taxpayers. It would relieve them of this burden. I doubt not that the Senators themselves would rather see the debtor nations provide the means and ways of payment than to impose this additional obligation on their government, their fellow citizens, the overburdened taxpayers of the United States.

Let me repeat, if I may do so, that I for one want to take the "ax" out of "tax" and take the ax off the necks of the American taxpayer. I doubt not that in that sentiment the soldiers will agree with me.

If my amendment were adopted I could vote for the pending measure.

Mr. ROBINSON. Mr. President, the amendment which has been proposed by the Senator from Oklahoma [Mr. GORE] relates to a subject matter entirely different from that which is involved in the legislation the Senate is now considering. Moreover, it concerns a subject matter of the very greatest importance. It has not been considered or passed upon by any standing committee of the Senate.

I doubt whether the Senate should authorize the cancellation of the greater portion of existing war debts due this Government from other nations upon the conditions stated in the amendment. It may be true that it will never be possible to collect the full amount of those debts; it may be true that the existence of the obligations tends to interfere with international commerce; but it is also true that the burden of those obligations must be borne by someone. If the obligations are not to be paid by the governments that entered into them, then the taxpayers of the United States must indirectly meet them. I am wondering if it is proposed to premiumize the cancellation of the larger portion of these obligations, called war debts, in order to provide another method by which the funds necessary to pay the bonus may be secured?

I do not believe that a subject of this importance should be acted upon without full measure of consideration by a standing committee of the Senate. To say, as this amendment appears to say—an amendment which few, if any, Senators had read when it was submitted to the Senate—that if we can just be sure to get enough money from our foreign debtors with which to pay the adjusted-compensation certificates, the remainder of the debts may be wiped out if at this particular time a better arrangement cannot be made, I think would be rank folly, and I register my protest against it.

Mr. GORE. Mr. President, let me suggest to other Senators who may not have had an opportunity to analyze this amendment that if the Senator from Arkansas had had such an opportunity he would not have made the statement which has just fallen from his lips. This amendment vests in the President entire authority to readjust the debts, and I am assuming that the President would drive a fairly good bargain, in the light of all the circumstances.

If the Senator will note section 203, it is there provided how payment of the balance of the debts may be provided for. It authorizes the President to accept securities of the other governments, or other acceptable securities, guaranteed credits of the central banks of the debtor countries, and it also contains the provision that the President may stipulate that such countries in time of war shall supply the United States with munitions, equipment, arms, and vessels, at a price not to exceed the cost of the supplies furnished.

The Senator's conclusion that this amendment contemplates a limitation of the payments to an amount adequate and only adequate to discharge the adjusted-service certificates is not warranted by the text of the amendment, and certainly was not in my contemplation when I offered it. Every safeguard is provided to enable the President to make the best bargain possible that would conclude this vexatious matter and give us an opportunity to reembark on the highway of recovery.

Mr. LEWIS. Mr. President—

Mr. ROBINSON. Mr. President, in reply to the Senator from Oklahoma, let it be said that I did not assert that the President would be under obligation to accept any definite sum. The implication of the amendment is that he shall make the best bargain that he can and bring the subject of the war debts to a conclusion.

There is an existing statute which forbids the Executive to enter into any arrangement or to make any adjustment concerning war debts without the consent of Congress.

I have no doubt that if the obligation should be imposed upon the President or if the authority should be granted him he would do the best that could be done; but before passing legislation of this character, there should be thought and consideration given to its terms. It is not a subject that can be determined in a few moments. It is a matter of very great importance. I do not think I care to submit anything further, and I yield the floor to the Senator from Illinois unless he wishes to address a question to me.

Mr. LEWIS. Mr. President, I reply to the query of the Senator. I do not wish to address a query to the able leader from Arkansas but simply to make some observations for the consideration of the Senate and of the Senator from Oklahoma. As the Senator from Arkansas has pointed out, we have a statute which practically forbids the form of adjustment proposed by the Senator from Oklahoma, which calls for payment and denies the right of any arrangement other than payment.

I also call the attention of the able Senator from Oklahoma to the fact that should an arrangement be made by any source whatever that looked to payment to this country by a foreign country in the form of ammunition necessary to supply us in time of war, we would place ourselves at the mercy of a foreign country which might at the time of conflict be an ally of the very nation assailing us. But more sad is it to contemplate that the time shall ever come when in a conflict we must depend upon some other country, to wit, a foreign country, to provide us the means necessary to our defense. It would lead us where we would have such complaints by us against such foreign country for failure to comply on time and of quantity necessary and would otherwise so involve us that, instead of aiding us in war, it would multiply toward dangerous conditions and desperate situations beyond our capacity to describe.

The eminent Senator will realize that one of the methods suggested by his well-meant amendment would carry this country into a conflict beyond the calculations of the Senate either to anticipate its serious results or in any wise to control its operations or fatal consequences.

Mr. ROBINSON. Mr. President—

Mr. LEWIS. I yield to the Senator from Arkansas.

Mr. ROBINSON. The provision referred to by the Senator from Illinois illustrates the point that I attempted to make a few moments ago, namely, that legislation of this character and importance ought to be studied by a committee; but there is another provision which should be noted.

I point out now that subparagraph (a) on page 3 declares:

(a) By the delivery of bonds of such government, or other acceptable securities, to the United States, which bonds shall not be sold or disposed by the United States except when the United States is in a state of war as the result of a formal declaration by Congress.

I do not know what implication would be given to other governments and peoples by the adoption of language of that character. It apparently puts the United States into the position of seeking to make readjustment of the war debts with a view of preparing for some international con-

flict. I am sure that was not in the mind of the Senator who prepared and offered the amendment, but in addition to what the Senator from Illinois has pointed out, it does carry an implication that I think the Congress should avoid in its legislation.

This is a rather difficult time; international relations between many governments and peoples are strained almost to the breaking point, and now for the Congress to say that it will take bonds from the debtor nations and that such bonds shall never be sold except while we are in war and may be used for the purpose of trading for ammunition and munitions, I think is calculated to disturb the peace.

Mr. GORE rose.

Mr. LONG. Mr. President—

Mr. LEWIS. Mr. President, the Senator from Illinois has the floor.

Mr. LONG. Will the Senator from Illinois yield to me?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. Certainly. The Senator from Illinois gladly yields to the Senator from Louisiana, as he has to the Senator from Arkansas and will to the Senator from Oklahoma [Mr. GORE] if he so desires.

Mr. LONG. I wish to say to my friends from Illinois and Arkansas that my understanding is that the friends of the bonus are opposed to this amendment being tacked onto this bill.

Mr. ROBINSON. Mr. President, I do not know by what authority the Senator from Louisiana represents the friends of the bonus or speaks for them, but I felt it my duty to point out the considerations I have expressed.

Mr. LONG. The only authority I have is that the Senator from Oklahoma and the Senator from Missouri have indicated to me that they did not want to confuse this bill with anything else.

Mr. LEWIS. Mr. President, if I may conclude my observations—

Mr. CLARK. Will the Senator from Illinois yield to me for just a moment?

Mr. LEWIS. I yield.

Mr. CLARK. I should like to state my position. I am opposed to the bonus issue being beclouded or entangled with any other issue, either the issue of printing-press money or the issue of foreign debts or any other extraneous or controversial question.

Mr. LEWIS. Mr. President, I shall conclude unless the Senator from Oklahoma desires to interrupt me. I will yield to him if he does.

Mr. GORE. I do not care to interrupt.

Mr. LEWIS. Mr. President, I wish to add a further suggestion, which I trust may not be misunderstood beyond its exact phrase and exact utterance. I have seen, so far as I am concerned, apart from the suggestions and reason for opposition I have already expressed, that in this amendment we would become dependent upon foreign countries for munitions and instrumentalities in the event we should become involved in war. I am compelled to hark back to the fact that foreign governments which have failed to pay us the money they owe us and have gone so far as even to refuse to acknowledge the obligations and then have refrained from making any payment of any kind whatsoever upon them. As matters of the world exist, to use the words of the Senator from Arkansas, the nations are in a taut and drawn state all over the world.

For this reason and other reasons stated by me it is a matter of mere self-preservation of our Nation. Therefore in a moment of such turmoil and confusion as would be afflicted upon us by war we should express our independence. Our position must remain one of demanding of debtors payment of our debts due, stand on our proven national honor as we demand America shall remain American.

Mr. GORE. Mr. President, I offer the amendment at this time on account of the parliamentary turn the situation has taken. I should like for it to receive further consideration. I am satisfied if Senators understood it they would take a more favorable view toward it, because it would

extricate us from a dilemma from which I am unable to conceive any other easy means of escape, a dilemma from which it is desired, from our own standpoint and from the standpoint of other nations concerned, that some sort of honorable way should be found to extricate us and to extricate other nations.

Of course, the Senator from Illinois [Mr. Lewis] speaks correctly when he says the House offered an amendment to the moratorium bill, which became a law, that no further cancellation of debts should be made. That is entirely true, but that did not bind the hands of this Congress. If this measure should pass with my amendment incorporated in it it would supersede that measure, and that measure then would have no effect.

The point made by the Senator from Illinois that we ought not to rely in any measure upon securing munitions from other countries in time of war, in the hour of need or peril, certainly has no foundation either in fact or in history. During the recent World War, prior to the entry of the United States into that conflict, the leading powers purchased munitions from the United States—billions and multiplied billions. Is there any reason why they should not have done so? Certainly at that time there was no reason why we should not have made the sale under the then existing law. For a belligerent power to purchase munitions from a neutral in time of war has a thousand precedents. There is nothing in international law, in history, or in common sense to militate against such purchase.

So far as the further comments of the Senator from Arkansas [Mr. Robinson] are concerned, that these securities were to be disposed of in time of war and only in time of war, the three alternatives I mentioned a few moments ago each contain that provision, that they shall be availed of in time of war. It is not a new thing under the sun. It is not unprecedented. It has the sanction of precedent and of experience for nations to build up a sort of war chest in time of peace to be availed of in time of war. My idea is that this could be constituted into a sort of a war chest, a floating credit or a floating reserve, to be availed of in time of war, in time of exigency, when time should be the essence of security; that it could then be availed of.

Even those provisions are not mandatory upon the President. They are only permissive and suggestive. He need not resort to any of those measures with relation to the balance of the payment due after the acceptance of enough cash to make payment of the adjusted-service certificates. I have no doubt the President, if vested with this power, would make wise and judicious use of it, if he made use of it at all.

Mr. McADOO. Mr. President, I desire to express my emphatic dissent from some of the views expressed by my distinguished colleague the Senator from Oklahoma [Mr. Gore] upon this important question. I also wish to express my emphatic opposition to any such action as he proposes on the part of the Senate.

He speaks of the United States as being in a dilemma with respect to the foreign debts. I cannot see where we are in any dilemma as to those debts. He talks about extricating us from our dilemma. What he proposes will extricate our debtors from their dilemma. I am opposed to extricating them by cancellation of the debts, which they justly owe to this Government for help rendered to them in a time of national peril, help which brought to them the salvation of their very existence as nations.

It is my purpose, at some future date, to address the Senate upon the question of these foreign debts.

The amendment of the Senator from Oklahoma implies the entering into new agreements by the President of the United States with the defaulting nations. What assurance, if we made another agreement with them, have we that they would keep it so long as they have repudiated the most sacred obligation which they could possibly have incurred by the execution of agreements with the United States to repay the loans made to them—loans reduced with extraordinary generosity by the United States? We have no assur-

ance whatever that they would keep any other agreements they might make with us.

In this connection I wish to say that the fact that they owe us these debts, which they are not paying, is not congesting the arteries of international trade as suggested by my able colleague [Mr. GORE]. It is not affecting our international trade except insofar as our debtors may be using that fact to boycott, in a sense, commerce with the United States.

For my part, I believe these debts will yet be paid if we continue to maintain the position of self-respect and dignity which has thus far characterized our attitude.

We made compromise settlements, much to the advantage of the debtor nations. They have repudiated these compromises. I would consider it a humiliation to go to them as supplicants for a partial payment of their debts upon the theory that, in that and in no other way, can this Nation pay a debt which it owes to its own soldiers. Our soldiers gave their lives and their blood to help save these foreign nations from defeat during the World War and we should pay the debt we owe them, regardless of what other nations may do about their indebtedness to us.

Mr. LEWIS. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Illinois?

Mr. McADOO. I yield.

Mr. LEWIS. Will the able Senator from California, formerly an eminent Secretary of the Treasury, give me information with respect to his purpose to address the Senate fully upon the payment of the foreign debts? May I ask that at the same time he will take occasion to discuss both the former presence and the present absence of securities which were heretofore held as security for those debts and which have been transferred from their places?

Mr. McADOO. Mr. President, I may say in answer to my distinguished colleague from Illinois that I hope his question does not imply that any such securities were transferred during my term as Secretary of the Treasury.

In the settlement of the foreign debts by the War Debt Refunding Commission it may be that the securities to which I think the Senator alludes—though he has not given any description of them—were released in the general settlement which was made with one of our debtors, whether by authority of Congress or otherwise I do not know.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Minnesota?

Mr. McADOO. I yield.

Mr. SHIPSTEAD. As a result of, and according to, the debt-settlement agreements there should have been deposited in the Treasury certain bonds of various denominations of the respective debtor countries. According to agreement those countries bound themselves to refund them with new issues which could be sold to the general public, whenever they were requested by the Secretary of the Treasury of the United States so to do. In view of the question of the Senator from Illinois [Mr. LEWIS], which the Senator from California answered, does the Senator mean to imply that those securities, which were in the Treasury when he left the Treasury, have been removed and new issues have not been substituted according to agreement?

Mr. McADOO. I will say to the able Senator from Minnesota that my remarks carry no such implication.

I can only repeat what I said in answer to the question of the distinguished Senator from Illinois [Mr. LEWIS], that as I recall the facts, without having recently examined them, the Treasury held collateral security for the payment of a certain portion of the debt of one of the great powers to this country. When the debt settlement was effected with that power under the Harding administration, those securities were surrendered, and the general obligations of that government were taken in lieu thereof. I do not know whether or not there was express authority for that particular phase of the settlement; but I am looking into it, and when I am

ready to speak on the subject of foreign debts I shall be glad to disclose the facts which I may discover.

Mr. SHIPSTEAD. Mr. President, will the Senator yield again?

Mr. McADOO. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Assuming that new securities were deposited in the Treasury in lieu of the former ones, does not the Senator think it would be well, if we could get no other settlement, that the Treasury ask the debtor governments to give us, in exchange for what we have, new securities in such denominations as could be sold on the various money markets of the world?

Mr. McADOO. I agree with the Senator from Minnesota that that should be done, and should have been done long since; but I understand that no demand has ever been made upon any one of our debtors for the issuance to the Treasury of bonds or securities in such denominations and of such character as we are entitled to demand under the debt-settlement agreements.

On the question of munitions and supplies as proposed in the Gore amendment, if we should enter into any such agreement with any of the powers, and we subsequently became involved in war, I think the contracting power would find itself in the position of a belligerent in short order if it attempted to supply arms and munitions under such an agreement. It would be wholly incompatible with neutrality, because it would be helping us to prosecute the war, even though it were done in pursuance of an agreement of that character. My distinguished colleague from Arkansas [Mr. ROBINSON] is entirely right in saying that this is too important a matter to be grafted as an amendment on this bill. It should be studied carefully and thoroughly before it is acted upon by the Senate. I sincerely hope that the amendment may be rejected.

Mr. GORE. Mr. President, the dilemma to which I referred, the dilemma which I had in mind, was with reference to our international commerce, international trade. I am firm in the conviction that we shall have to trade our way out of this trouble. I do not think there is any other way out.

In 1929 world trade aggregated \$37,000,000,000. In 1932 it had dropped down to \$12,000,000,000, and I have recently seen the statement that in 1934 only 1 nation increased its imports materially and only 1 nation increased its exports materially.

These debtor nations can pay the United States only in gold or in goods. They have not the gold. We will not accept their goods. The question of making transfers stands as an insuperable bar. So it is contended—and there is some force in the contention—that the liquidation of these debts by the alternative provided for in section 203 would permit the delivery of goods—of arms and munitions—direct to the Government, and would not call for foreign exchange. The payments could be made without encountering the obstruction which now arrests trade between this country and the debtor countries.

The Senator from California [Mr. McADOO] says he believes the debtors will pay these debts. I admire his optimism, but I do not share it. I have no doubt the Senator from California believes in the fairies—I do not. I have no doubt he believes in Santa Claus. There is as much justification for the one faith as for the other. It seems to me no reasonable man can conclude, in the light of recent experience, that the debts will ever be paid in full. They were not even mentioned in the recent British budget, although that budget showed a surplus instead of a deficit.

The Senator from California asks, and asks with a considerable air of triumph, if this plan should be adopted and executed, what assurance we would have that the debtor nations would make payment under the new arrangement with any better faith or punctuality than they have made payments under the existing arrangement. I do not say they would make payment with any better faith or any greater scruple than they do now. I do not know that they would. But even if we had no better assurance upon that

point, we would at least have more cash if this plan were carried out. We would have \$1,700,000,000 more in available cash. That amount is not to be despised even in these days of multibillions. We could at least wait for the balance with quite as much complacency after having realized \$1,700,000,000.

Senators may continue to appeal to prejudice and to cultivate prejudice by insisting that the debtor nations ought to discharge their duty. Of course they ought. The debtor nations ought to pay their debts. Of course they ought. If the refusal and the failure to pay injured them alone, I should say let them wrestle with the consequences. The trouble is the present situation injures us, and we are courting the injury rather than providing a rational way out of this distressing situation.

I agree that when these debts were first contracted, when the Senator from California [Mr. McAdoo] was Secretary of the Treasury, I thought then, and I think now, that we ought to have accepted the securities of those countries identical in form and terms and denominations with the securities which they were issuing and floating at that time, so that these securities would have passed into trade, would have been absorbed by speculators and by investors, and would have been issued in such form that they could not be distinguished from other bonds and other securities issued at the time. Had that been done, we should not today have been in this dilemma, and should not have been obliged to draw an over-draft upon the credulity of the Senator from California.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, the agreement entered into with France for the settlement of her war debt to the United States, wherein it is shown that on the request of the United States that Government, like other governments, agreed to issue in exchange for the securities we now hold certificates that should be sold to the general public and on the money markets of the world.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

AGREEMENT FOR THE FUNDING OF THE INDEBTEDNESS OF FRANCE TO THE UNITED STATES

Agreement made the 29th day of April 1926, at the city of Washington, District of Columbia, between the French Republic, hereinafter called France, party of the first part, and the United States of America, hereinafter called the United States, party of the second part

Whereas, France is indebted to the United States as of June 15, 1925, upon obligations in the aggregate principal amount of \$3,340,516,043.72, together with interest accrued and unpaid thereon; and

Whereas, France desires to fund said indebtedness to the United States, both principal and interest, through the issue of bonds to the United States, and the United States is prepared to accept bonds from France upon the terms hereinafter set forth;

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. Amount of indebtedness: The amount of indebtedness to be funded, after allowing for certain cash payments made or to be made by France is \$4,025,000,000, which has been computed as follows:

Principal of obligations held for cash advanced under Liberty bond acts.....	\$2,933,405,070.15
Accrued and unpaid interest at 4½ percent to Dec. 15, 1922.....	445,066,027.49
	\$3,378,471,097.64
Principal of obligations given for surplus war supplies purchased on credit.....	407,341,145.01
Interest at 4½ percent from the last interest-payment date prior to Dec. 15, 1922, to Dec. 15, 1922.....	6,324,940.79
	413,666,085.80
Total indebtedness as of Dec. 15, 1922.....	3,792,137,183.44
Accrued and unpaid interest at 3 percent per annum on this amount from Dec. 15, 1922, to June 15, 1925.....	284,410,288.75
Total indebtedness as of June 15, 1925.....	4,076,547,472.19

Credits:

Payments received on account of interest between Dec. 15, 1922, and June 15, 1925.....	\$50,917,643.13
Payments on account of principal since Dec. 15, 1922.....	230,171.44
Interest on principal payments at 3 percent per annum from date of payment to June 15, 1925.....	12,970.73
	\$51,160,785.30
Net indebtedness as of June 15, 1925.....	4,025,386,686.89
To be paid in cash upon execution of agreement.....	386,686.89

Total indebtedness to be funded into bonds..... 4,025,000,000.00

2. Payment: In order to provide for the payment of the indebtedness thus to be funded, France will issue to the United States at par, bonds of France in the aggregate principal amount of \$4,025,000,000, dated June 15, 1925, and maturing serially on the several dates and in the amounts fixed in the following schedule:

June 15:	
1926.....	\$30,000,000.00
1927.....	30,000,000.00
1928.....	32,500,000.00
1929.....	32,500,000.00
1930.....	35,000,000.00
1931.....	1,350,000.00
1932.....	11,863,500.00
1933.....	21,477,135.00
1934.....	36,691,906.35
1935.....	42,058,825.41
1936.....	52,479,413.67
1937.....	63,004,207.80
1938.....	68,634,249.88
1939.....	74,320,592.38
1940.....	80,063,798.30
1941.....	51,728,872.58
1942.....	57,763,450.02
1943.....	58,918,719.03
1944.....	60,097,093.41
1945.....	61,299,035.28
1946.....	62,525,015.98
1947.....	63,775,516.30
1948.....	65,051,026.63
1949.....	66,352,047.16
1950.....	67,679,088.10
1951.....	55,040,837.33
1952.....	56,416,858.27
1953.....	57,827,279.71
1954.....	59,272,961.71
1955.....	60,754,785.76
1956.....	62,273,655.40
1957.....	63,830,496.79
1958.....	65,426,259.21
1959.....	55,474,298.82
1960.....	57,138,527.79
1961.....	58,852,683.62
1962.....	60,618,264.13
1963.....	62,436,812.05
1964.....	64,309,916.42
1965.....	66,239,213.91
1966.....	58,764,122.05
1967.....	60,820,866.32
1968.....	62,949,596.64
1969.....	65,152,832.52
1970.....	67,433,181.66
1971.....	69,793,343.02
1972.....	72,236,110.02
1973.....	74,764,373.88
1974.....	77,381,126.96
1975.....	80,089,466.40
1976.....	82,892,597.73
1977.....	85,793,838.65
1978.....	88,796,623.00
1979.....	91,904,504.81
1980.....	95,121,162.48
1981.....	98,450,403.16
1982.....	101,896,167.27
1983.....	105,462,533.13
1984.....	109,153,721.79
1985.....	112,974,102.05
1986.....	116,928,195.62
1987.....	113,694,786.64
Total.....	4,025,000,000.00

Provided, however, That France, at its option, upon not less than 90 days' advance notice to the United States, may postpone so much of any payment on account of principal and/or interest falling due in any one year as hereinabove provided after June 15, 1926, and prior to June 16, 1932, as shall be in excess of \$20,000,000

in any one year, to any subsequent June 15 or December 15 not more than 3 years distant from its due date, and upon like notice France, at its option, may postpone any payment on account of principal falling due as hereinafter provided after June 15, 1932, to any subsequent June 15 or December 15 not more than 3 years distant from its due date; but any such postponement shall be only on condition that in case France shall at any time exercise this option as to any payment of principal and/or interest, the payment falling due in the third succeeding year cannot be postponed at all unless and until the payment of principal and/or interest due 3 years, 2 years, and 1 year previous thereto shall actually have been made. All such postponed payments shall bear interest at the rate of $\frac{1}{4}$ percent per annum, payable semi-annually.

3. Form of bond: All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America or order, and shall be signed for France by its Ambassador at Washington or by its other duly authorized representative. The bonds shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A", and shall be issued in 62 pieces, with maturities and in denominations as hereinabove set forth, and shall bear no interest until June 15, 1930, and thereafter shall bear interest at the rate of 1 percent per annum from June 15, 1930, to June 15, 1940; at the rate of 2 percent per annum from June 15, 1940, to June 15, 1950; at the rate of $2\frac{1}{2}$ percent per annum from June 15, 1950, to June 15, 1958; at the rate of 3 percent per annum from June 15, 1958, to June 15, 1965; and at the rate of $3\frac{1}{2}$ percent per annum after June 15, 1965, all payable semiannually on June 15 and December 15 of each year.

4. Method of payment: All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of France, upon not less than 30 days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by France on account of the principal or of interest on any bonds issued or to be issued hereunder and held by the United States shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in obligations of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

5. Exemption from taxation: The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of France or any political or local taxing authority within France, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in France, or (c) a corporation not organized under the laws of France.

6. Payments before maturity: France, at its option, on June 15 or December 15 of any year, upon not less than 90 days' advance notice to the United States, may make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bond issued or to be issued hereunder and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by France at the time of the payment.

7. Exchange for marketable obligations: France will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to principal and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. France will deliver definitive engraved bonds to the United States in accordance herewith within 6 months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within 30 days of the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim receipts for sale in France, will first offer them to France for purchase at par and accrued interest, if any, and France shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and held by the United States. France agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in

order to facilitate the sale of the bonds in the United States, in France, or elsewhere, and that if requested by the Secretary of the Treasury of the United States, it will use its good offices to secure the listing of the bonds on such stock exchanges as the Secretary of the Treasury of the United States may specify.

8. Cancellation and surrender of obligations: Upon the execution of this agreement, the delivery to the United States of the principal amount of bonds of France to be issued hereunder, together with satisfactory evidence of authority for the execution of this agreement by the representative of France and for the execution of the bonds to be issued hereunder, the United States will cancel and surrender to France at the Treasury of the United States in Washington, the obligations of France held by the United States.

9. Notices: Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States, shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Embassy of France at Washington or at the Office of the Ministry of Finance at Paris; and any notice, request, or election from or by France shall be sufficient if delivered to the American Embassy at Paris or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any of such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. Compliance with legal requirements: France represents and agrees that the execution and delivery of this agreement have in all respects been duly authorized and that all acts, conditions, and legal formalities which should have been completed prior to the making of this agreement have been completed as required by the laws of France and in conformity therewith.

11. Counterparts: This agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof France has caused this agreement to be executed on its behalf by Hon. Henry Bérenger, its Ambassador Extraordinary and Plenipotentiary at Washington, thereunto duly authorized, subject, however, to ratification in France, and the United States has likewise caused this agreement to be executed on its behalf by the Secretary of the Treasury as Chairman of the World War Foreign Debt Commission, with the approval of the President, subject, however, to the approval of Congress, pursuant to the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, and as further amended by the act of Congress approved January 21, 1925, all on the day and year first above written.

THE FRENCH REPUBLIC,
By HENRY BÉRENGER,

THE UNITED STATES OF AMERICA,

For the World War Foreign Debt Commission:

By ANDREW W. MELLON,

Secretary of the Treasury and Chairman of the Commission.

Approved:

CALVIN COOLIDGE,
President.

EXHIBIT A

(Form of bond)

THE REPUBLIC OF FRANCE

\$ _____ No. _____
The Republic of France, hereinafter called France, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, 19—, the sum of \$ _____, and to pay interest upon said principal sum after June 15, 1930, at the rate of 1 percent per annum from June 15, 1930, to June 15, 1940, at the rate of 2 percent per annum from June 15, 1940, to June 15, 1950, at the rate of $2\frac{1}{2}$ percent per annum from June 15, 1950, to June 15, 1958, at the rate of 3 percent per annum from June 15, 1958, to June 15, 1965, and at the rate of $3\frac{1}{2}$ percent per annum after June 15, 1965, all payable semiannually on the 15th day of December and June in each year. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of France, upon not less than 30 days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of France or any political or local taxing authority within France, whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in France, or (c) a corporation not organized under the laws of France. This bond is payable as to both principal and interest at the Treasury of the United States in Washington, D. C., or at the option of the Secretary of the Treasury of the United States at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of paragraph 2 of an agreement dated April 29, 1926, between France and the United States, to which agreement this bond is subject and to which reference is hereby made.

In witness whereof, France has caused this bond to be executed in its behalf by its Ambassador Extraordinary and Plenipotentiary at Washington, thereunto duly authorized, as of June 15, 1925.

THE FRENCH REPUBLIC:
By
Ambassador Extraordinary and Plenipotentiary.

EXHIBIT 94

Statement of amounts payable to the United States on account of the proposed refunding bond to be issued by France

Fiscal year	Principal	Annual interest		Annual principal payments	Total annual payments
		Per cent	Payments		
1926	\$4,025,000,000.00			\$30,000,000.00	\$30,000,000.00
1927	3,995,000,000.00			30,000,000.00	30,000,000.00
1928	3,965,000,000.00			32,500,000.00	32,500,000.00
1929	3,932,500,000.00			32,500,000.00	32,500,000.00
1930	3,900,000,000.00			35,000,000.00	35,000,000.00
1931	3,865,000,000.00	1	\$38,650,000.00	1,350,000.00	40,000,000.00
1932	3,830,000,000.00	1	38,300,000.00	1,363,500.00	40,000,000.00
1933	3,832,256,500.00	1	38,322,565.00	21,477,135.00	60,000,000.00
1934	3,830,809,365.00	1	38,308,093.65	36,691,906.35	75,000,000.00
1935	3,794,117,458.65	1	37,941,174.59	42,058,825.41	80,000,000.00
1936	3,752,058,633.24	1	37,520,586.33	52,479,413.67	90,000,000.00
1937	3,699,579,219.57	1	36,995,792.20	63,004,207.80	100,000,000.00
1938	3,636,575,011.77	1	36,365,750.12	68,634,249.88	105,000,000.00
1939	3,567,940,761.89	1	35,679,407.62	74,320,592.38	110,000,000.00
1940	3,493,620,169.51	1	34,936,201.70	80,063,798.30	115,000,000.00
1941	3,413,556,371.21	2	68,271,127.42	51,728,872.58	120,000,000.00
1942	3,361,827,498.63	2	67,236,549.98	57,763,450.02	125,000,000.00
1943	3,304,064,048.61	2	66,081,280.97	58,918,719.03	125,000,000.00
1944	3,245,145,329.58	2	64,902,906.59	60,097,093.41	125,000,000.00
1945	3,185,048,236.17	2	63,700,964.72	61,299,035.28	125,000,000.00
1946	3,123,749,200.89	2	62,474,984.02	62,525,015.98	125,000,000.00
1947	3,061,224,184.91	2	61,224,483.70	63,775,516.30	125,000,000.00
1948	2,997,448,668.61	2	59,948,973.37	65,051,026.63	125,000,000.00
1949	2,932,397,641.98	2	58,647,952.84	66,352,047.16	125,000,000.00
1950	2,866,045,594.82	2	57,320,911.90	67,679,088.10	125,000,000.00
1951	2,798,366,506.72	2½	69,959,162.67	55,040,837.33	125,000,000.00
1952	2,743,325,669.39	2½	68,583,141.73	56,416,858.27	125,000,000.00
1953	2,686,908,811.12	2½	67,172,720.29	57,827,279.71	125,000,000.00
1954	2,629,081,531.41	2½	65,727,038.29	59,272,961.71	125,000,000.00
1955	2,569,808,569.70	2½	64,245,214.24	60,754,785.76	125,000,000.00
1956	2,509,053,783.94	2½	62,726,344.60	62,273,655.40	125,000,000.00
1957	2,446,780,128.54	2½	61,169,503.21	63,830,496.79	125,000,000.00
1958	2,382,949,631.75	2½	59,573,740.79	65,426,259.21	125,000,000.00
1959	2,317,523,372.54	3	69,525,701.18	55,474,298.82	125,000,000.00
1960	2,262,049,631.72	3	67,861,472.21	57,138,527.79	125,000,000.00
1961	2,204,910,545.93	3	66,147,316.38	58,852,683.62	125,000,000.00
1962	2,146,057,862.31	3	64,381,735.87	60,618,264.13	125,000,000.00
1963	2,085,439,598.18	3	62,563,187.95	62,436,812.05	125,000,000.00
1964	2,023,002,788.13	3	60,690,983.58	64,309,916.42	125,000,000.00
1965	1,958,692,999.71	3	58,760,788.09	66,239,213.91	125,000,000.00
1966	1,892,453,655.80	3½	66,235,877.95	58,764,122.05	125,000,000.00
1967	1,833,689,533.75	3½	64,179,133.68	60,820,866.32	125,000,000.00
1968	1,772,868,667.43	3½	62,050,403.36	62,949,596.64	125,000,000.00
1969	1,709,919,070.79	3½	59,847,167.48	65,152,832.52	125,000,000.00
1970	1,644,766,238.27	3½	57,566,818.34	67,433,181.66	125,000,000.00
1971	1,577,333,056.61	3½	55,206,656.98	69,793,343.02	125,000,000.00
1972	1,507,539,713.59	3½	52,763,889.98	72,236,110.02	125,000,000.00
1973	1,435,303,606.57	3½	50,235,626.12	74,764,373.88	125,000,000.00
1974	1,360,539,229.69	3½	47,618,873.04	77,381,126.96	125,000,000.00
1975	1,283,158,102.73	3½	44,910,533.60	80,089,466.40	125,000,000.00
1976	1,203,096,636.33	3½	42,107,402.27	82,892,597.73	125,000,000.00
1977	1,120,176,038.60	3½	39,206,161.35	85,793,838.65	125,000,000.00
1978	1,034,382,199.95	3½	36,203,377.00	88,796,623.00	125,000,000.00
1979	945,585,576.95	3½	33,095,495.19	91,904,604.81	125,000,000.00
1980	853,681,072.14	3½	29,878,537.52	95,121,162.48	125,000,000.00
1981	758,559,909.66	3½	26,549,596.84	98,450,403.16	125,000,000.00
1982	660,109,506.50	3½	23,103,832.73	101,896,167.27	125,000,000.00
1983	558,213,339.23	3½	19,537,466.87	105,462,533.13	125,000,000.00
1984	452,750,806.10	3½	15,846,278.21	109,153,721.79	125,000,000.00
1985	343,597,084.31	3½	12,025,897.95	112,974,102.05	125,000,000.00
1986	230,622,982.26	3½	8,071,804.38	116,928,195.62	125,000,000.00
1987	113,694,786.64	3½	3,979,317.53	113,694,786.64	117,674,104.17
Total			2,822,674,104.17	4,025,000,000.00	6,847,674,104.17

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oklahoma [Mr. GORE] to the amendment offered by the Senator from Missouri [Mr. CLARK], as amended, in the nature of a substitute for the amendment reported by the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is upon the amendment offered by the Senator from Missouri [Mr. CLARK], as amended, in the nature of a substitute for the amendment reported by the committee.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to that amendment. I send it to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. In the amendment of Mr. CLARK, as amended, on page 3, line 10, it is proposed to strike out the period and insert a comma and the following:

(4) That the holder of an adjusted-service certificate may, upon his request, in lieu of obtaining the cash payment of his certificate as herein provided, allow said certificate to be continued for such period as he may desire; and in such event the holder of the certificate shall be paid interest in quarterly, semiannual, or annual payments at the rate of 3 percent per annum on the balance due on the face value of the certificate, said interest to be payable on and from July 1, 1935.

Mr. TRAMMELL. Mr. President, very briefly, this amendment provides that in the event a veteran prefers to continue his certificate he may do so, and draw interest at the rate of 3 percent per annum thereon. That is the substance of it.

A great many veterans have said they did not care to have the cash on their certificates, and doubtless there are some of whom that is true. In that event, if they wish to keep the certificate alive, we can pay them 3 percent interest on it. In this way we might obviate the necessity for raising at least a few hundred million dollars.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment offered by the Senator from Missouri [Mr. CLARK], as amended, in the nature of a substitute for the amendment reported by the committee.

The amendment to the amendment was rejected.

AGRICULTURAL DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives insisting upon its disagreement to all Senate amendments, except Senate amendments nos. 8, 58, and 60 to the bill (H. R. 6718) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1936, and for other purposes; insisting upon its amendment to Senate amendment no. 29 to the bill, and requesting a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. RUSSELL. I move that the Senate insist upon its amendments still in disagreement, disagree to the House amendment to Senate amendment no. 29, agree to the further conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. Will the Senator from Georgia inform the Chair whether the Senators whose names are handed to the Chair are in sympathy with the attitude of the Senate?

Mr. RUSSELL. The names handed to the Chair represent the members of the conference committee heretofore appointed on the conference which already has been held on the bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. HAYDEN, Mr. SMITH, Mr. KEYES, and Mr. NYE conferees on the part of the Senate at the further conference.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 3896) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes.

Mr. WALSH. Mr. President, before the vote is taken on the pending amendment, I desire to state that I intend to support the measure reported by the Finance Committee of the Senate, and, therefore, I shall vote against the pending amendment. My reasons for thus voting are the same as those so ably stated by the senior Senator from Mississippi [Mr. HARRISON]. I am convinced that the only opportunity for a soldiers' bonus being paid this year is through the adoption of the Harrison bill.

Mr. STEIWER. Mr. President, I assume, from appearances, that a vote shortly will be had upon the pending substitute offered by the Senator from Missouri [Mr. CLARK] for the amendment proposed by the Finance Committee.

Senators will remember that the compensation certificates were created by the act of 1924. That enactment was made

before a great many of us had been privileged to come into this body. It authorized the issuance of the certificates; it recognized an obligation upon the part of the United States to the veterans of the war under a formula which was provided in the act. The certificates were issued; the veterans accepted those certificates; and for a time it was thought that the question of adjusted compensation was adequately disposed of.

As the years have passed, it has developed that a great body of the veterans are not satisfied with the certificates which mature January 1, 1945, and everybody knows that in the country at large and in Congress there has been an issue that has recurred time and again. I think the Senate has voted five times on some variation of the provisions of the so-called "Patman bill." Finally it has come to be thought that this issue ought to be settled; that a disposition ought to be made of the question; for otherwise it will recur in every session of the Congress and will constantly be before the American people for solution. I am one of those who believe that the issue ought to be settled and ought to be settled now. I rise at this time to make one or two short observations with respect to the two propositions which are immediately before the Senate.

Mr. President, I was one of those who had not attained a seat in this body when the enactment was made which authorized these certificates. I was one of those who at that time stood upon the outside, and observed what the Congress was doing. I am one who now believes that the certificates ought to be paid without awaiting maturity in 1945.

There was no reason, except the reason of convenience in Government finance, why the certificates ever should have been issued in the first place. If the obligation, which I did not help create or recognize, the obligation which the Congress recognized by a two-thirds vote in both the bodies of the Congress, was a just and proper obligation against our Government, it might very well have been paid in cash at that time. Governmental obligations to the railroads were paid in cash.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. STEIWER. In just a minute. Our obligations to the war contractors were paid in cash. Our obligations to all having claims against our Government, either legal or moral, were paid in cash, save only this obligation, recognized in the World War Adjusted Compensation Act.

I yield to the Senator from Mississippi.

Mr. HARRISON. It was the statement the Senator made that it would have been better to have paid the bonus in 1924, when the act was passed, that prompted me to rise, because the impression is abroad in the country as the Senator realizes, and it is abroad because of an educational campaign that has been conducted in every nook and corner, that these certificates are now due.

Under the bill recommended by the Finance Committee, if the amount of the cash payment that was agreed upon in 1924, on the basis of a dollar a day for service at home and \$1.25 a day for foreign service, aggregating about \$400, on the average to the soldiers, were taken and compound interest figured from January 1, 1925, at 4 percent—

Mr. STEIWER. Why at 4 percent?

Mr. HARRISON. Under the bill recommended by the Finance Committee the soldiers would receive more money than they would have received if they had obtained the payment of the bonus at that time.

Mr. STEIWER. Why should the interest be calculated at 4 percent?

Mr. HARRISON. Because I am trying to go the most reasonable length possible.

Mr. STEIWER. If income-tax payers of this country overpaid their income taxes, there was a period of many years when the money was refunded to them with 6-percent interest. Why always discriminate against the veterans in the matter of calculating interest rates?

Mr. HARRISON. The representatives of the ex-service men's organizations, during the consideration of the bill in 1922, requested only 4½ percent, and in 1924 the bill carried 4 percent. There never was a request for 6 percent, and

I ask the Senator now whether he thinks that we ought to pay 6-percent interest, compounded annually?

Mr. STEIWER. No; I merely asked the question in order to make the distinction between the two classes of creditors.

Mr. HARRISON. That shows how ridiculous the Senator's position is.

Mr. STEIWER. I think it is not ridiculous to urge that 5 percent ought to be adopted as the interest rate.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. STEIWER. I yield.

Mr. CLARK. Does the Senator from Oregon or the Senator from Mississippi, or does anyone else know why the going rate of interest should not be applied to this question? As the Senator from Oregon has well said, on tax delinquencies the Government has charged 6 percent. From many individuals in the United States and many corporations who failed to pay the full amount of their income taxes as finally determined, the Government exacted a rate of 6 percent. In the case of tax refunds, where the Government had overcharged a taxpayer, whether an individual or a corporation, the Government recognized the rate of 6 percent as the going rate of interest, and paid that rate of interest. Why should the distinction be made between payments to others and payments to the veterans in the matter of the going rate of interest as established by the Government itself?

Mr. STEIWER. Mr. President, let me elaborate that a little further. When the Government has loaned money on the adjusted-compensation certificates, under the original provision of the act it charged the veteran 4½ percent, but under the philosophy of the Senator from Mississippi he would compound this interest in favor of the veteran at 4 percent.

Mr. HARRISON. Mr. President, may I say to the Senator that I was one of those who voted to override the President's veto when the act was passed. I was one of those who stood here and fought and voted for an optional cash bonus proposition, and the amount was \$400. That is what we stood for. If the Senator will take 6 percent, his own figure, and compound it for the time since 1925, when the certificates were issued, he will find that the veterans would not, even so, get as much as they would receive under the Finance Committee's recommendation. Why take the Senator's figure of 6 percent under those circumstances?

Mr. STEIWER. Mr. President, let us analyze that figure in the light of what I believe should be substantial justice and equity as between the Government and the soldier.

Let me say again, I was not in the Congress when the obligation was created. I think the question before the Senate now is not whether the act should have been passed, nor is it whether the obligation should have been admitted. The obligation is here, and we are dealing with a condition and not a theory. Assuming that the obligation is a just and proper obligation from the Government to the veteran, the real questions we should ask are: In what amount should it be paid, and at what time should it be paid?

The statement made by the Senator from Mississippi is entirely correct, if we let this credit stand just as it is and just as it was calculated in the first place. The American Legion, however, takes a position in which I concur, namely, that the \$60 bonus paid to the veterans at the time of discharge should never have been subtracted from the adjusted-compensation credit. We know how that bonus came to be paid. We know that when the veteran went into the Army his clothing was taken away from him.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. CLARK. With all due respect to the Senator from Oregon, with whom I agree on many things, I do think he uses a misnomer when he speaks of the \$60 given to the soldier when he was discharged from the Army as a "bonus." It was not a bonus at all. It was more or less of a clothing allowance. As I happened to know from my own experience, and I dare say the Senator from Oregon knows from his, not referring to my own personal case, but to the men with whom I was associated in the Army, the

\$60 was an amount barely sufficient to enable a man to buy a very cheap suit of civilian clothes to replace those which had been taken from him when he went into the Army, and to subsist him for just 2 or 3 days, until he was returned to civilian life.

Mr. STEIWER. The Senator from Missouri is right, as he usually is, and I am glad to stand corrected. I ought not to have called the \$60 allowance a "bonus", though it had been so designated and referred to in very many quarters for a long time.

Mr. CLARK. It should be designated a clothing allowance and a subsistence allowance for 2 days.

Mr. STEIWER. I agree with the Senator thoroughly. And it ought not to have been subtracted from the adjusted-compensation credit. If we restore that \$60 to the credit and then figure the compounded interest rate at 5 percent, not at 6 percent, we will find that the veteran at this time is entitled to receive practically as much as the face of his certificate. The Vinson bill provides payment of the face of the certificate. The Finance Committee amendment provides much less.

Mr. HARRISON. Mr. President, will the Senator yield to me for the purpose of asking him a question?

Mr. STEIWER. I yield.

Mr. HARRISON. Speaking of this \$60, of course the first time that was heard of was quite recently, and it emanated from the very ingenious and very smart mind of our friend from Texas, Mr. PATMAN, to whom I pay respect and tribute. But in 1924, when we were busily engaged here in trying to work out the adjusted-service-certificate question and obtain the views of the representatives of the ex-service organizations, the \$60 was never proposed, was never heard of in the whole discussion, and the adjusted-service certificates were based on no such consideration at all.

Mr. STEIWER. Mr. President, I think that has but little to do with it.

Mr. HARRISON. It has \$60 to do with it.

Mr. STEIWER. Yes; it does. It has \$60 to do with it in terms of inequity for the veterans. But I think otherwise it has but little to do with our consideration of this question at this time.

It would appear to me that a mistake was made at that time with respect to this \$60, and now is our opportunity to correct it if we want to deal with this matter equitably.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Oregon yield to the Senator from Missouri?

Mr. STEIWER. I will yield in a moment, Mr. President. I desire to develop a little further the thought I am trying to present to the Senate at this moment. The committee amendment, I know, is a well-intended effort upon the part of those who were responsible for bringing it to the Senate floor, but that amendment does not pay to the veteran the amount which the country thinks the veteran is entitled to receive, nor does it provide the veteran the amount which he thinks he is entitled to receive. It does not provide compensation adequately adjusted.

I am told in the case of a certificate for \$1,000 where the veteran had borrowed \$500, so that he thinks he is entitled now to receive a balance of \$500, less the interest upon the \$500 loan, that he would not get that amount under the committee proposal, but he would get something like \$180 in payment. That is to say, he would have obtained his loan of \$500, which is the maximum permitted under the law passed 4 years ago, and in addition to that loan he would now receive, under the committee amendment, something like \$180, which he would be obliged to accept in full settlement of the admitted obligation.

I am unable to conclude that such a result constitutes a fair settlement, nor do I believe that the veterans of America will accept it, nor will it settle this question nor end this controversy. It leaves it wide open, and I feel we shall have it back here before 12 months in order finally to settle the question.

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If it is the desire of the Congress now to deal equitably and fairly with the veteran on this question, and end the matter so we shall hear no more of payment of bonus, it will be necessary for us to do something other than to adopt the proposal brought up on the Senate floor by the Senate Finance Committee. Probably at no time in his life has the veteran needed his compensation as badly as he needs it now.

This brings me, Mr. President, to the conclusion which I desire to urge, namely that the safe, adequate, and just solution of this matter—indeed I might say the only generous solution—offering to the veteran a little more, it is true, than it was calculated in the formula, but nevertheless a just and generous provision which actually will settle this question, is for the Senate to agree to the proposal made here by the Senator from Missouri [Mr. CLARK] and adopt the so-called "Vinson bill" as a substitute for the committee amendment.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. HARRISON. Does the Senator think that the Senate would override a veto of the President on that proposition?

Mr. STEIWER. I hope so, Mr. President, but if the Senate did not override the veto it could always pass the committee's amendment. No one could oppose that very seriously.

Mr. HARRISON. I understand that. But the ex-service men say this should be done quickly, and that many ex-service men need relief. The Senator knows the condition in the Senate, and he knows that the President is going to veto the so-called "Vinson bill" and the so-called "Patman bill" if either bill shall be passed by the Congress.

Mr. STEIWER. Mr. President, with \$4,800,000,000 relief funds subject to use, with Congress in session, and the matter entirely in our hands, let us not be too concerned about the distress which will come to the veteran in the next 3 or 4 or 6 weeks while we are dealing with this problem.

The fact of the matter is that the veterans, most of them, were discharged in the year 1919. They have waited now for 16 years for the settlement of this claim. They have waited for 16 years, Mr. President, and a few weeks longer is not going to hurt them seriously.

I desire to suggest to the Senator from Mississippi [Mr. HARRISON] that if he wants to do full justice to the veterans of the World War, let us vote the provision which we think is fair and which we can defend, and which does not take from the veteran that which he understands is his, and which has been officially recognized as his. Then, if there is a veto, and if we are not able to enact the bill, notwithstanding the veto of the President, we can always come back to the proposal which has been presented here by the Senate Finance Committee, and I take it we could pass it very promptly, and from what has been said it would not confront a veto. There is no great difficulty involved. Does the Senator think there is any great difficulty involved in that situation?

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. STEIWER. Yes; but I am asking the Senator from Mississippi a question, and I yield first for an answer.

Mr. HARRISON. The Senator is a very practical Senator. He would prefer, then, as I understand, to go back to Oregon to the ex-service men with nothing, by voting for the Vinson bill, rather than to vote for the bill recommended by the Finance Committee, which would receive the President's approval and which would put the matter behind him.

Mr. STEIWER. I would prefer to vote for what I regard as just treatment for my comrades, the veterans of the World War.

Mr. HARRISON. Even though it could get nowhere for practical purposes?

Mr. STEIWER. And if I should find that it got nowhere I could then bring myself, though very reluctantly, to support the committee amendment. We can do it all in this session of Congress. None of us is going to be obliged to go

home to face his constituents with this thing on our conscience. We will have it all settled. There is not any trouble about that. So let us attempt now to settle it right.

Mr. HARRISON. Let me say to the Senator that this proposition is before the Senate now. No one can tell whether it will be before the Senate again or not. Now is the time for us to act upon it. I have no fault to find with the Senator's position, nor with the position of any other Senator.

Mr. STEIWER. I do not find fault with the position of the Senator from Mississippi, except I think that the sound thing for courageous men to do is to stand for things which they think are right.

Mr. HARRISON. And get nothing.

Mr. STEIWER. No; to stand for that which they think is right, and then to determine their future course by the conditions which may develop. I hope the Vinson bill will be accepted. I hope that upon this vote the motion of the Senator from Missouri [Mr. CLARK] will be agreed to.

I yield the floor.

Mr. BORAH. Mr. President, the Senator from Mississippi stated with great positiveness that the President would veto both the Patman bill and the Vinson bill. Is the Senator from Mississippi in a position to state with the same positiveness that the President will sign the bill as reported by the Finance Committee?

Mr. HARRISON. Of that I have not the slightest doubt in the world. Otherwise, I never should have offered this amendment in the Finance Committee.

Mr. BORAH. In other words, the Senator is just as positive of the one as he is of the other?

Mr. HARRISON. Yes.

Mr. CONNALLY. Mr. President, I offer an amendment to the committee bill, the so-called "Harrison amendment", which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 15, after line 6, it is proposed to insert a new subsection, as follows:

(j) In making any settlement under this act, the charge on account of interest on any loan shall not be at a rate in excess of 2 percent per annum, compounded annually after September 30, 1931.

Mr. HARRISON. Mr. President, as I understand, what the Senator from Texas proposes is that after September 30, 1931, the interest on any loan granted by the Government to any ex-service man shall not be more than 2 percent. That will cost some \$90,000,000; but I shall not oppose the amendment.

Mr. CONNALLY. Mr. President, I thank the Senator from Mississippi for indicating his approval of the amendment; but I desire to submit a few remarks to the Senate, in order to place clearly before the Senate just what the amendment proposes to do.

Under the committee bill, which is the bill of the Senator from Mississippi [Mr. HARRISON], the computation of the amount of cash or bonds which will be paid to the veterans is based upon taking as of November 11, 1918, the date of the armistice, the basic credit in each case, either \$1 a day for domestic service or \$1.25 a day for foreign service. Upon those basic amounts the veteran is allowed interest at the rate of 4 percent, compounded annually up to the time he is paid the cash or the bonds. Under the bill of the Senator from Mississippi, no deduction whatever is made as to interest upon loans which the veterans may have paid. In other words, the entire interest which has accrued will be deducted from the amount which may be found to be due under the terms of the bill. In the so-called "Patman bill", which is the House bill, no interest was charged from October 1, 1931; under the Vinson bill no interest was charged from the 1st of October 1931, and all interest theretofore paid to the banks or others is refunded to the veteran, so that he has no interest charge whatever.

My amendment takes the date fixed in the Patman bill as of October 1, 1931, and reduces the amount of interest which will be charged the veteran to not exceeding 2 percent. In other words, the veteran will have been drawing

on his compensation 4 percent, if he borrowed in the meantime, but he will only be paying the Government 2 percent.

The amendment takes away any just complaint that the veteran may make that he has had his adjusted-compensation certificate eaten up by interest, because he has had his money in the meantime, and upon it he will have paid only 2 percent in interest, while all during the time that he was paying 2 percent the Government will have been paying him 4 percent on the same money. One justification for that is that under the Harrison bill a premium is given to the soldier who keeps his certificate until 1945, because at that time a thousand-dollar certificate will be worth \$1,125, instead of \$1,000.

If it is just to offer the veteran who does not need the money, who does not have to borrow the money, who can retain his certificate until 1945, an added benefit under the Harrison bill, then why should not the one who was in need and who had to borrow be given the advantage of receiving the Government loan at a lower rate of interest than he otherwise would have to pay?

Mr. President, if the Harrison bill shall be adopted by the Senate, we have reasonable assurance that it will receive the Presidential approval and become a law. There is no Senator upon this floor who is more anxious than is the Senator from Texas that this vexatious question shall be settled by the Congress; but I am not in a position here to delude the soldier by making merely a gesture at him. I want to stand for legislation that will bring some concrete result to the soldier.

Since 1924 the Congress has been passing legislation with reference to the veterans' adjusted compensation which did not become law and could not become law. I shall not say that some of those gestures were made for any other reason than the reasons of sincerity and interest.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Missouri?

Mr. CONNALLY. I yield.

Mr. CLARK. If the same argument had been applied by Senators and Representatives at the time of the passage of the original adjusted-compensation act, namely, that a Presidential veto would defeat the legislation, there would never have been any adjusted-compensation legislation in the first place, would there?

Mr. CONNALLY. I do not know about that.

Mr. CLARK. Well, it was passed over the President's veto, was it not?

Mr. CONNALLY. One adjusted-compensation measure was passed over the veto; that is all.

Mr. CLARK. That is the one to which I am now referring.

Mr. CONNALLY. I will say to the Senator from Missouri that it is true that the act of 1924 was passed over the President's veto, but that does not mean that this bill would be passed over the President's veto.

Mr. CLARK. Mr. President, will the Senator yield for just a moment further?

Mr. CONNALLY. I yield.

Mr. CLARK. What I was suggesting was that, on the theory of the Senator from Texas, the Senators and Representatives should not have voted for the original adjusted-compensation act on the ground that they were deluding the soldiers and misleading them as to what they might have because the President had announced his intention at that time, as I recall, to veto the bill. So if the same rule which the Senator is now trying to invoke had been applied at that time, we never would have had an adjusted-compensation act in the first place.

Mr. CONNALLY. The Senator from Missouri may rationalize on that subject all he pleases, but, for my part, I prefer to support a measure which has some hope of success rather than to support on this floor a measure which we all know will not become a law. If the Senator from Missouri would like to go back to the veterans in Missouri and say to them, "Veteran, read my speech in the Record; look at what a noble effort I made to get your bonus certificate cashed; look at the roll call and see how I stood there in the first-line trenches and fought your battle", and then have the soldier ask him, "Well, Mr. Senator"—

Mr. CLARK. Mr. President—

Mr. CONNALLY. I will yield in just a moment. "Mr. Senator, I read your speech; it is a marvelous speech; it throbs and thrills with affection for the soldier; but, Mr. Senator, where is my money?" "Oh, well, I am sorry, Veteran; I was not President, and the President vetoed the bill, and we could not pass it over his veto." I am wondering if that veteran in Missouri might not propound to the Senator from Missouri the query, "Well, Mr. Senator, you had a chance to vote for a bill that the President would approve?" "Well, but I could not do that."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK. I say, in all fairness, I think the Senator from Texas is concerning himself unnecessarily as to the relationship between the Senator from Missouri and the veterans in the State of Missouri. Personally, I feel that I would be in much better case, so far as the veterans of Missouri are concerned—and I do not differentiate as between the veterans and any other citizens, for that matter—to go back and say to them that I voted for a complete payment, which would settle this matter, rather than for a bill which would not settle anything, whether signed by the President or not.

I will state further to the Senator from Texas that there is still a provision in the Constitution of the United States by which two-thirds of the Members of each House may pass a bill over the veto of the President.

Mr. CONNALLY. The Senator from Missouri the other day ridiculed the Senator from Texas for mentioning the Constitution in this Chamber. Now he brings it up as his refuge.

Mr. CLARK. I ridiculed the Senator from Texas for dragging out the Constitution at the particular time after ignoring it at other times, not that I myself, then or at any other time, ever had any disregard for the Constitution of the United States.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. CONNALLY. Let me reply to the Senator from Missouri; then I will yield.

I am not concerned with the relations of the Senator from Missouri to his veteran constituents; I hope they are all for him; but I believe they would have better grounds for being for him, whether they are or not, if he would stand up here and fight for them in a cause that has some hope of triumph, rather than to lead a forlorn fight for a measure that he knows cannot ever become a law. In which case would he be the better friend of the veteran?

Mr. CLARK. Will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK. I object very much to the Senator putting words in my mouth and thoughts in my mind.

Mr. CONNALLY. Nobody ever has to do that, for there are plenty there without any assistance. [Laughter.]

Mr. CLARK. The Senator was insisting that this measure may never become a law, and I just suggested to the Senator a few moments ago that precisely the same argument which the Senator now makes was advanced against the original adjusted-compensation bill; and Senators stood on the floor and proclaimed against it on the ground that the President of the United States had the right to veto the measure. It so happened that the Congress of the United States was not able to see eye to eye with the President on that occasion. The Senator from Texas may have his own opinion as to what the view of the Congress would be in the event of a veto of this measure, but he certainly has no right to impute to me any such opinion.

Mr. CONNALLY. I want to absolve myself from any apparent charge that I sought to put thoughts in the mind of the Senator from Missouri. When the Senator from Texas speaks on the floor he tries to express his own views.

Mr. CLARK. But the Senator said that I knew the bill could not possibly become a law, and I know no such thing.

Mr. CONNALLY. I never said that; I never assert—

Mr. CLARK. I will leave that to the Record.

Mr. CONNALLY. I never make any assertion as to what the Senator from Missouri knows or what he does not know. That is a mystery into which I never inject myself. All that the Senator from Texas means to say is that, according to his view, the Vinson bill cannot become a law at this session of Congress; and the Senator from Texas means to say that the Harrison bill can become a law if the Senate and the House shall pass it, as I hope they will. The Senator from Texas is now offering an amendment reducing the interest rate on the loans to veterans to 2 percent so that with one hand the bill will take from the soldier 2 percent and with the other hand will give to the soldier 4 percent on the same money. How can there be any just complaint that that is not doing substantial justice?

Let me say, Mr. President, that under the Harrison bill no soldier is required to accept its terms. If he prefers to keep his adjusted-compensation certificate now outstanding until 1945, he may do so. He has an option under the bill as reported by the committee. He has the option, first, to take cash. What cash? The \$400 or \$500 that would have been due in November 1918. With what? With 4 percent interest compounded from that date.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield in just a moment. The veteran has that option. If he does not want cash, he has the option of taking Government bonds, which are selling above par. Those bonds, when he receives them, may be cashed; they may be put in his strong box; they may be kept until maturity, and he may receive the interest on them; and if he does not want to exercise any of those options, as about 250,000 veterans have not exercised them in the past by borrowing, he may keep his certificate intact until 1945. I now yield to the Senator from Oregon.

Mr. STEIWER. The Senator from Texas just made the statement that, under the provisions of the amendment reported by the committee, the veteran may keep his certificate until 1945. I believe that to be correct. I am not quarreling with the Senator as to his position. I believe, too, there are about 500,000 World War veterans who have not borrowed on their certificates. I assume a great many of those 500,000 might retain their certificates until 1945.

I ask the Senator from Texas what the relative position of those 500,000 veterans would be in comparison with the veteran who has borrowed, and who needs the money and is obliged to accept settlement at this time? Is it true, in other words, that the veterans not in need, the 500,000 who have not borrowed, would keep their certificates and finally would receive \$1,125, whereas the veteran who is in need would receive, in addition to the \$500 which he has already borrowed, about \$180? Is that true?

Mr. CONNALLY. It is true in part and it is not true in part. If the amendment of the Senator from Texas should be adopted he would receive, in addition to the \$180 which the Senator from Oregon mentions, whatever sum is necessary to rebate his interest at 2 percent instead of 3½ or 4 percent or whatever he paid.

Mr. STEIWER. The Senator from Texas is defending his amendment and not the pending committee amendment?

Mr. CONNALLY. The Senator from Texas is offering an amendment to the committee amendment. That amendment is a preferential amendment, and under the rule of the Senate will be voted upon before the vote comes on the Clark amendment.

Mr. STEIWER. What justification is there for giving a premium to the man who is in need and in putting a penalty on the man who is in need?

Mr. CONNALLY. If the Senator from Oregon had shown any interest in the earlier remarks of the Senator from Texas, he would have seen that the Senator from Texas pointed out the fact that by reason of reducing the interest to 2 percent he was endeavoring to make up any apparent discrimination and pay the man in need, the man who had borrowed, on somewhat the same basis as the man who retains his certificate until 1945.

Mr. STEIWER. The Senator's proposal would not put them on a parity basis, would it? It would merely remove part of the discrimination.

Mr. CONNALLY. I think it would remove practically all of it. The veteran who keeps his certificate until 1945 does not get a dollar until 1945. The man who has already borrowed 50 percent has had the use of that money in addition to whatever money he will now receive. If we compute interest on that money until 1945 it will be seen that he will be in just as good a position as the man who gets \$1,115 then and who has had no money in the meantime, and perhaps he will be in a better position.

Mr. STEIWER. Except that the man who is paid now loses his life insurance, whereas the man who is not in need retains his life insurance.

Mr. CONNALLY. The Senator is now concerned with preserving life insurance for the veterans. Of course every man who keeps his certificate has protection for his family in the way of life insurance until 1945; but the Senator from Oregon wants to take that away from every veteran because he proposes to pay them all off now, so the soldier who might die next year without any insurance policy would leave nothing, perhaps, to his wife and children.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield for a question.

Mr. LONG. All we get for the soldier under the Harrison bill is \$175.

Mr. CONNALLY. Oh, no; he would get more than that.

Mr. LONG. Well, \$180. He has borrowed the remainder.

Mr. CONNALLY. All of them have not.

Mr. LONG. Nearly all of them have. It is a very simple proposition, Mr. President—

Mr. CONNALLY. I thought the Senator was going to ask me a question.

Mr. LONG. No; I want to keep anybody else from asking the Senator a question. I want to vote. [Laughter in the galleries.]

The PRESIDING OFFICER. Occupants of the galleries are guests of the Senate and must observe the rule of the Senate which prohibits any demonstration of approval or disapproval in the galleries.

Mr. CONNALLY. The Senator from Louisiana is very anxious now for a vote and wants to stop the Senator from Texas. The Senator from Louisiana has probably occupied as much of the time of the Senate as has any other Senator. I hope he will please be patient and let some of us humble Members, some of us who are not always spotted by the occupants of the galleries and whose antics are not always watched with interest and curiosity by the occupants of the galleries, have a word to say now and then. I hope he will let some of us humble Senators talk just a little.

Mr. LONG. The Senator from Texas has my permission to talk.

Mr. CONNALLY. I thank the Senator for his permission. It is very gratifying to have the permission of the Senator from Louisiana. Although I am very small fish, it is pleasing to know the "Kingfish" is going to let me speak. [Laughter.]

Mr. President, reverting for a moment to the inquiry of the Senator from Missouri [Mr. CLARK], I want to do no injustice to him. I want it understood that I was not interpreting his attitude. The Senator from Texas was endeavoring to interpret his own attitude to the Senate. The Senator from Texas had hardly begun his remarks before the Senator from Missouri sought to inject himself into the speech of the Senator from Texas.

When I go back to my State and to my constituents, I do not want to have to say to the soldier: "Oh, yes, Mr. Veteran, I am for you; I am strong for you. I voted in Washington for a bill which I knew could not pass, it is true, but you read my speech and you will see how strong I am for the soldier, and how, as the election comes nearer and closer, I get stronger and stronger for him. I had an opportunity, it is true, to vote for a bill which had some chance of pass-

ing. I had an opportunity to vote for a bill which the President would have approved. I had an opportunity to vote for a bill which would have opened the doors of the Treasury and would have enabled you to receive your money. But I am a man who will not surrender a principle. No, Mr. Veteran, I will not surrender a principle. I am going to vote for principle. I am going to vote that you shall have every dollar that we can get for you, though I know when I am voting that you are not going to get a red cent."

Who is the best friend of the soldier, the Senator who votes for a bill that gives the veteran an opportunity to exercise his choice of keeping his certificate, or of obtaining cash, or of securing bonds, when he knows he is going to get one of the three, or the Senator who votes here with a gesture, one who simply holds out before the veteran who needs the cash an alluring speech, and an alluring vote, with no substantial result to come from it at all?

Mr. President, that is why I have offered the amendment to provide that the veteran shall not be charged interest on his loans at more than 2 percent annually and that while we are charging him only 2 percent we shall pay him 4 percent on the same money. I hope the Senate will adopt the pending amendment which I have offered as an amendment to the Harrison bill.

Mr. SMITH. Mr. President, I objected awhile ago to any unanimous-consent agreement to limit debate on Monday. It is very apparent that there will not be an opportunity to discuss the bonus question as it should be discussed. Therefore I am going to take a few minutes now to state my attitude.

We did not pass the adjusted-compensation bill on account of the insistence of the soldier. We passed it voluntarily. The most solemn vote in all my experience as a United States Senator was cast the day we passed the draft bill, when, by the power of law, we drafted and dragged into the maelstrom of war the very flower of the youth of our country.

Any actuary could have sat down and calculated what was the average value of those young lives in dollars and cents. We did not do it. We drafted them as youth with no more regard for their human value and relation that if we had been drafting an equal number of cattle. It turned out that we needed 2,000,000 human units to use in the war which we had then declared. We drafted them without their volition or their consent, and we sent them as units. Their individuality was gone. We simply put them in the trenches, on board the ships, and wherever we needed human beings to meet the shock and horror of war; and we determined their value to us as units. What was it? About a dollar a day—enough to buy chewing gum and a few cigarettes—while they were to perform the horrible duty of stemming the tide of German ingenuity in the construction of death-dealing instruments.

I said we needed about 2,000,000 of those human units, whose value we disregarded. Then we needed about 26,000,000,000 gold units. Did we draft them? No; we entered into a bond with them that at the end of 45 years every gold unit would come back to its owner, with interest. We promised that they would bear an interest rate even beyond that which theretofore had been earned by such units. We entered into a bond with them by which we solemnly pledged that they would not be injured or their fecundity impaired. Yet here we are haggling over the question of a bonus to the human units, while we have been paying a billion dollars a year bonus to the gold units! We paid 4-percent interest on about \$25,000,000,000. We have not haggled over that for 1 minute; and yet when we come to the simple question of paying to the human beings who won the war an adjusted compensation to equalize to some extent that which they received with that which those who did not go into the war received, every known subterfuge has been employed to forestall the payment of a debt of obligation which we ourselves in justice assumed.

There are two things involved in this matter. Let no man be deceived about it for 1 minute. It is not alone a question of adjusting the compensation; it is not that; it is the fear

that the payment of this amount of money may inflate the currency, and therefore jeopardize the financial power which certain individuals have, nationally and internationally.

What has been the cry every time the bonus question has come up? "Why, the payment of such an amount of money would not only upset the whole circulating medium, but would endanger the credit of the Government!" God save the mark! We have just recently voted \$5,000,000,000, for what purpose? For the purpose, wherever there is a necessity of bolstering up recovery while at the same time we have been absolutely refusing to meet a debt of obligation.

Mr. President, when the railroads were in distress, and the banks were in distress, we voted \$2,000,000,000, and established a central bank known as the Reconstruction Finance Corporation, and went to their aid. Then when the question arose as to unemployment, as to the necessity for bolstering up our industrial life, we voted \$5,000,000,000. We gave employment to those who needed it, and to thousands who did not need it. We poured out money in this relief business, which reeks of scandal; and yet when it comes to the question of compensating those who stood in the trenches, and whose lives were forfeit, we haggle by every manner of subterfuge over the question of whether or not we can chisel them down to a point where the Government will pay just as little as possible, when the Government of the United States today stands the creditor nation of the world by virtue of the sacrifice which these boys made!

I desire now to recur to a question which I am ashamed has arisen in this body. We are sent here for the purpose of legislating, not for the purpose of dodging a veto. Our States did not send us here for the purpose of ascertaining whether or not a bill would be vetoed. They sent us here for the purpose of doing our duty, and letting the veto power assume its own responsibility.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. LONG. The Senator is about the oldest Senator in point of service on this side of the aisle; and for that reason I desire to ask him to state his views about this talk in reference to a veto every time we have a bill before us. When I first came here, I was told that that kind of a threat never was made on the floor of the Senate.

Mr. SMITH. Mr. President, I said a moment ago, and I repeat, that I am ashamed that I am put by a Senator on this floor in the attitude of choosing between doing my duty and meeting a veto. The responsibility to do my duty is on me. The responsibility of a veto is on the Chief Executive. If he has good and sufficient reason to veto the bill, I have good and sufficient reason to vote the opposite way; and, so help me God, I will do it.

There is not a man on this floor worth the hide that covers him who will cringe and truckle before any veto. I desire to have it definitely understood that I respect the responsibility and the awful position in these trying times of the Chief Executive; but I also respect my responsibility as a legislator, and I would rather risk the judgment of those of us who have to legislate than to risk the judgment of one who does not have to legislate.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Mississippi?

Mr. SMITH. I yield.

Mr. HARRISON. The Senator will recall that when we were legislating on this subject in 1924, there were certain advocates of the cash optional plan.

Mr. SMITH. Yes.

Mr. HARRISON. I quote from the Senator at that time. This was on April 22, 1924:

I say that I am not even going to stand here and advocate a cash bonus, because since these telegrams have come from the leaders of the Legion saying that they want the bill just as it is, without dotting an "i" or crossing a "t", verbatim et literatim et spellatim, I am going to let them have it just as they want it.

Mr. SMITH. Yes, sir; and I am going to let the soldiers have it now just as they want it, and the majority of them now want the Patman bill. A handful of those who deceived me then cannot deceive me now. I know who needs this money. Let me for just a moment call attention to this matter:

Suppose a majority of the soldiers were to say that they did not want the money. Do not the Senator and I both realize that if we were to pay the bonus now, as the Patman bill calls for, it would put into circulation money which all of us know must be put into circulation, or the recovery about which we talk will be indefinitely deferred?

All other Members of the Senate know, as I know, that a ship cannot float without water. The old financial ship is on the bottom; and the reason why it is not floated is simply because those who have money are afraid to put it into circulation, and the Government is afraid to antagonize them, and therefore it is selling bonds. We have piled up a bond issue of enormous proportions. Talk about not running the printing press! I am no more in favor of running the printing press than are others who take that view because they do not wish to inflate the currency; but what are we doing today? We ought not to run the printing press and inflate. What are we doing when we are printing bonds but running the printing press, with this difference: We are creating a great leisure class in this country to whom we are selling the taxing power of America. The men who hold these bonds clip the coupons, and you and I and the soldiers go out and make the wherewithal to meet the coupons.

Let me use an illustration. One in high place used an illustration in talking to me about the Boulder Dam. He said: "Suppose this dam were Government property and a self-liquidating proposition, and I were to borrow \$500,000,000 and give bonds as collateral security at 3-percent interest, the bonds to run for 35 years. When the dam was completed, the sale of the water rights, irrigation rights, and power rights would begin to amortize the cost of it, and at the end of 35 years I would have paid \$940,000,000. But suppose, in lieu of borrowing the money, Treasury notes are issued to the amount of \$500,000,000. The dam is built, the amortization sets in through the sale of the power rights and water rights, and at the end of the 35 years the dam will be the property of the United States, and as the amortization money comes in, the debt will be canceled to the amount of \$500,000,000, the project costing practically not a penny, the credit of the United States being used to provide the funds for the erection of that which for all time will be a perpetual source of income."

As a matter of course, every time we want to perform any function of the Government, we must sell a bond. I state here today that, so far as I am concerned, so long as I am a Member of the Senate I will never vote for another bond issue for industrial purposes. I do not believe it is just and right to the American people to create a leisure class, such as the one we now have, numbering thousands, while we do not inflate the currency or increase the circulating medium one penny. We are simply increasing bank credit, and leaving the people subject to the whims of those who own these securities, just as we were at their mercy when we were plunged into the abyss of this terrible depression.

Coming back to the soldiers' bonus, I challenge any Senator on this floor to say why, if we were to issue currency sufficient to meet the bonus, it would not have the effect of distributing the money throughout the length and breadth of the land, and increasing the prices of commodities, and making living more tolerable in this country than it now is. Not only would we pay the soldiers, but we would distribute a circulating medium, which today seems to be practically impossible. We have tried it by all the methods of the N. R. A., and the P. W. A., and the different alphabetical bureaus, and the net result has been to paralyze the public with fear because they do not know at what time all these activities may cease or become permanent. If they become permanent, then the private individual is out; if they cease, then who is to restore confidence?

Mr. President, there are but two things that confront us today. One is to take such measures as will restore the confidence of the farmers and business men in their own ability to carry on and make this country prosperous, and we ought to address ourselves to restoring that confidence by furnishing them individually the wherewithal to carry on. Banks are not lending. The money itself is locked up. There is no chance of getting the wherewithal to carry on, and if anyone is afraid of inflation and is afraid of the printing press, the Patman bill restricts the amount to the specific sum promised the soldier.

It will do two things. First, it will settle a debt of honor. If the public at large needs \$5,000,000,000 to help them to carry on, do not Senators suppose that the amount owing the soldiers would be an aid to that process?

Mr. President, it is with a feeling of personal humiliation that I sit here in the United States Senate and see Senators quibble about the question of settling the bonus while we do not bat an eye at passing a measure appropriating \$5,000,000,000, the expenditure of which is to be unrestricted, without earmarking, to be used at the discretion of the administration.

Talk about the soldier saying, "The wonderful speech you made." The only soldier in whom I am interested particularly is the soldier who is now speaking to the Senate, and when I look in the mirror to comb my hair I am going to look at a man or know the reason why. There is no man or set of men, no administration, or anyone in power that will ever influence me in casting a vote or performing my duty as a United States Senator. I think we should frown upon a threat to the effect that if we pass a certain bill it will receive a veto. Who is going to subordinate his intellectual processes to anybody else and become an intellectual prostitute?

I am sorry the question of a veto was brought in here. I am just as loyal as any man on this floor, more so, perhaps, than most, to the Democratic party and to Democratic doctrine, and it is just as foreign to democracy as the poles are far apart to have an attempt at domination by any man over the wills of other men.

I state here and now that I hope the Senator from Mississippi is absolutely mistaken in what he has said. We are supposed to gather in this Chamber, and in our offices, and study the problems which confront the American people, and to solve them as we determine they need solving, and not ask any men or set of men, not charged with the duty of legislation, what we shall do.

I had intended not to say anything on the question of the bonus, but to content myself with voting; but when I see the Senate voting billions, not knowing what the money is to be used for, three billion last year, five billion this year, and then, when we come to the question of settling an obligation which we assumed, note the resort to all manner of subterfuges and all varieties of indirection, I cannot sit silent.

Let us meet the issue fairly and squarely. Let us do two things, pay the soldiers and increase the circulating medium; give the soldiers the bargaining power, for every man knows that when the soldiers get the money it will be spent.

In this connection I have heard some Senators say, "If we pay the bonus, the soldiers will go out and be buying all manner of stuff. They will buy automobiles."

What has anyone to do with the way in which I spend the money which he owes me? It would not influence my vote one particle if I knew they would take the money paid them and burn it up. If I owe them, it is my duty to pay them.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. SHIPSTEAD. They want the money so they can buy something, do they not?

Mr. SMITH. As a matter of course; but the Senator knows, as I know, that the objection to the payment of the bonus is the most unreasonable thing from the standpoint of common sense that ever was urged before this body. The reason why there is opposition to it is that certain powers do not want an inflation of the currency. The Senator knows that, and I know it. What is the use beating about

the bush? It scares them to death to think that \$2,000,000,000 of fresh money will be put into circulation.

Mr. SHIPSTEAD. These people do not object to inflation of credit, however.

Mr. SMITH. Oh, no; because when we inflate credit we pay the men from whom we buy the credit, and that is what the sale of Government bonds means.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. LONG. As a matter of fact, the bigger the credit base the greater the tendency to diminish the money base. In other words, they have always kept us piling up bonds, because the more bonds, the more money we need, and therefore the few who have the ready cash in their hands can always buy at "distress" prices.

Mr. SMITH. Mr. President, the merest tyro who will study even superficially the system under which we operate knows that it is by and for the banking interests of this country, who say, "Hypothecate your bonds and get that much credit, and then sell that credit."

The minute we came to the question of issuing currency to pay the soldiers, then it became impossible to pay them. Take all these bills and read them. Every one of them inches around to the bond idea, with a partial payment, and then the soldier can accept a bond, upon which the Government is to pay somebody 3 percent.

As I said in the beginning of my speech, we paid the bankers of this country a billion dollars a year bonus on the gold units they let us use during the war, and now there are those who are not willing to pay \$2,000,000,000 to the human units who won the war.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that since the depression came the national debt has increased from about \$15,000,000,000 to the point where it is now approximately \$30,000,000,000? Is it not a fact that this year we shall issue bonds to the extent of several billion dollars? Is it not also a fact that for next year we have already obligated the Government to issue bonds to the extent of \$5,000,000,000 or \$6,000,000,000? Is it not a further fact that because of this increased issue of bonds the depression has turned out to be a bankers' jubilee?

Mr. SMITH. Why, yes; as a matter of course. We have turned over to the bankers of America the income of the people—to pay for what? To pay for securities for which they themselves were responsible. The money we borrow becomes an obligation of the Government, and the bond we issue is an obligation of the Government. Here we are, as the Senator from Oklahoma indicates, absolutely converting this depression into a bankers' jubilee. They can fill their safes and strong boxes with bonds of the United States and not be forced to lend a dollar commercially.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. LONG. I wonder if the Senator from South Carolina noticed a short time ago that a member of the Rockefeller family and a member of the Morgan family, from the two respective banking-house firms, set up a separate organization to buy in distressed property, and that the statement was made that they were getting it for about 10 cents on the dollar during these distressed times.

Mr. SMITH. Mr. President, the whole system, the whole condition, is made manifest right here today by the fact that we will not even go to the extent of paying in money an obligation which we assumed, but will haggle back and forth in order to try to gerrymander the Senate into the position of issuing bonds from which someone may clip coupons. I intend, if possible, to find out who owns the bonds and where they are. We know the aggregate of the interest we have to pay. Here we are right now with two propositions before us providing for the issuance of more bonds for the purpose of meeting an obligation, while the circulating medium throughout the country is so inadequate that business is prostrate.

Mr. President, I have before me clippings from various newspapers which indicate what business is looking for and is waiting for. Just the other day the price of silver started to go up, and every commodity in this country followed *pari passu*. Soon thereafter silver started to go down, and every commodity in the country went down *pari passu*. Yet we play with the destiny of the American people in failing to issue sufficient currency to guarantee exchange under the law of supply and demand.

I have before me, but I shall not take the time to read them, newspaper clippings showing how trade responded to the hope of an adequate medium of exchange to increase the bargaining power of the masses. As soon as the advance in silver stopped, the market stopped. When silver started down, the market started down.

I plead with my colleagues, now that we have the opportunity not only of discharging an obligation of debt but also of meeting, in part, the requirement of an expanded currency, the benefits of which will go into every nook and corner of this land, that we take advantage of this opportunity and discharge this debt without its costing anyone a single penny. Of course, these notes, when issued, will be guaranteed by the Government, but they will bear no interest. Every bond which goes out guaranteed by the Government bears interest. The notes can be used in such small denominations as to reflect themselves into an encouraged and expanded trade. The bonds will find their way into the banker's strongbox and become a burden on every taxpayer. We must this day choose whether we are willing to burden the people still more with a bond issue, the sale of which will increase the debt and taxes of the people, or whether we will issue Treasury certificates which will expand the currency, renew the hope of the people, and discharge the obligation of debt.

Mr. President, I did not feel like expressing myself on this question this afternoon; but after the statement was made by the Senator from Mississippi that if certain bills were passed they would meet a veto, I determined then to make a statement.

I sincerely hope that hereafter no expression such as that will be made. If Senators will stop and think for a moment they will agree that such a statement does not have the right flavor, anyhow. This is a country of freemen. I hope it is a country of honest, courageous thinkers. Honest confession is good for the soul. If I were inclined to vote for one bill and I knew that another bill had been threatened with a veto, I believe I should vote for the other bill. It is not a very praiseworthy position for United States Senators to take that they should be deterred from doing their duty on the plea that they might get something by being subservient, and get nothing if they are honest men. I should rather go to the soldiers and say, "Boys, I did my duty; and if you are worth the hide on you, you will stand for what you think is right, whether you ever get a penny or not."

I am not making this speech to get votes. God made me a man before South Carolina made me a Senator; and I am going to be a man, or try to be one, or at least make an assault with intent to be one. I hope that never again, especially in a Democratic Senate, will there go out the word, during the pendency of a bill, that it is threatened with a veto. Thank God, we also have the veto power! When two-thirds of the Senate say, "In our judgment, so and so is right", we can exercise a veto. We can veto a veto; and we can keep on with this kind of thing until the people will veto all the vetoes.

Mr. President, I said I was in favor of the Patman bill. I am in favor of the Patman bill because it is the one which is straightforward, honest, and which is without any subterfuge. I know that lawyers are a necessary evil; but, God bless your soul, whenever they get hold of an instrument and put into it "whereas" and "whereas", and "the party of the first part and the party of the second part have hereby agreed, and henceforth shall continue to agree, and whereas, and whereas, the party of the first part and the party of the second part", they wind up at the point where the party of the third part, namely, the poor devil who is having the contract drawn, does not get a thing. That is all there is

to it. They just do not know how to go straight to the point, because it is profitable not to go to it.

Mr. ASHURST. Mr. President, I ask for a vote.

Mr. SMITH. Mr. President, I know the Senator from Arizona does not like to hear these forceful words against the attitude which he has assumed; but I am fond of him. I deplore his lack of judgment, but I admire him in spite thereof.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ASHURST. The Senator for once in his life is mistaken. There has been no Senator on the floor here during my period of service to whom I have listened with greater attention, or whose speeches I have read more diligently, than those of the scholar-farmer, the senior Senator from South Carolina. The Senator for once misspoke himself. When I said "Let us vote", I was anxious that we should reach a conclusion on this question today. The Senator had paused; and knowing how uninterruptedly his stream of eloquence flows, I thought if there was a pause, he must have finished. That is all.

Mr. SMITH. Mr. President, the Senator from Arizona has now demonstrated his good judgment by saying that he always listens to what I have to say. I am sorry he does not always profit by his judgment.

Mr. President, I am through. I hope the soldiers' bonus bill will be passed as it came from the House.

Mr. CLARK. Mr. President, will the Senator yield before he sits down?

Mr. SMITH. I yield.

Mr. CLARK. Is the Senator in favor of full payment of the bonus?

Mr. SMITH. I am.

Mr. CLARK. Then the Senator is against a partial payment of the bonus, if he is in favor of the full payment of the bonus.

Mr. SMITH. I think the Patman bill comes nearer meeting my idea of settling this question than either the Vinson bill or the Harrison bill.

Mr. CLARK. Mr. President, I am not at present inquiring as to the Senator's choice between the Patman bill and either the Vinson bill or the Harrison bill. I asked the Senator if he was in favor of full payment of the soldiers' bonus.

Mr. SMITH. Yes; I am.

Mr. CLARK. The Senator said he was. Then I drew what I think to be the logical conclusion—and if I am not correct in my conclusion, the Senator will correct me—that he is against a partial payment and in favor of a full payment.

Mr. SMITH. Yes.

Mr. CLARK. Then, on the question which is to be presented between the Vinson and the Harrison bill, am I justified in assuming that the Senator is for the Vinson bill as against the Harrison bill?

Mr. SMITH. If I were restricted to the two, I should prefer the Vinson bill, since the Thomas amendment has been adopted.

Mr. CLARK. The Senator is aware of the fact that after the determination of the question as between the Vinson bill and the Harrison bill, the question then will be as between the Patman bill, on the one hand, and the Harrison bill, on the other hand.

Mr. CAPPER. Mr. President, I am in favor of immediate cash payment of the adjusted certificates to veterans of the World War. I want to see these certificates paid in full, and at the earliest possible date. I believe this is a just debt. For those reasons I intend to support the measure as it came to the Senate from the House of Representatives. I am in favor of the so-called "Patman bill."

It is not my intention to enter into a prolonged discussion of the various measures from which we are to choose. I cannot support the measure brought before us by the Finance Committee, the so-called "Harrison measure." To my mind, it does not provide immediate cash payment in full at all. It proposes to scale down, and scale down drastically, the amounts the veterans would receive.

It is only necessary to point out two examples to show what the Harrison measure does to the veterans. The holder of a

\$1,000 certificate, if he takes immediate cash payment under this measure, would receive, instead of the \$1,000, only \$768, either in cash or in bonds. That is not my idea of cash payment of the adjusted certificate for \$1,000.

Take the case of the veteran holding a \$1,000 certificate on which he has borrowed the limit, or \$500. That means he still has an equity in the certificate of \$500. Under the so-called "Harrison plan", now before the Senate, he would receive, not \$500, but \$180. That is not my idea of cash payment of the bonus—to cut the payment down from \$500 to \$180.

So I cannot support the Harrison plan. To me that would be a breach of faith with the veterans of the World War, when such action is called cash payment.

I could support the so-called "Vinson plan." It provides cash payment in full of the adjusted-service certificates, but it does not provide in the bill itself any appropriation or means of making the payment. To that extent it falls short of providing immediate payment. It might even be possible, if the Vinson bill were enacted, to have the bonus fight made all over again in both branches of Congress.

So I intend to support and vote for the Patman measure, in preference to either of the other plans. The difference in provisions of the Patman and Vinson bills in regard to forgiving interest on loans made on the certificates is not as important as assurance that payment will be made in cash, and will be made immediately.

The Patman measure as it came to us from the House will pay \$2,000,000,000 to some three and one-half million veterans. This payment can be made without a bond issue or any increase in taxes. I am not afraid of inflationary developments from these payments. The Secretary of the Treasury may, if he deems it advisable, retire Federal Reserve notes as United States notes are paid the veterans. Not that I am advocating this procedure, but that power is given the Secretary, as I read the bill.

The Government has ample gold reserves to take care of these payments. The money will be distributed in every community in the United States. It will be a Nation-wide distribution of purchasing power, placed where it is needed, and where it will be used.

And last, but not least, the veterans are entitled to immediate cash payment of the bonus in full. I hope the Patman bill is enacted by the Senate. It is my first choice, under the present legislative situation. The Harrison proposal, frankly, can get my support only as a last resort.

I, for one, am prepared to vote without further argument.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	King	Pope
Ashurst	Copeland	La Follette	Radcliffe
Austin	Costigan	Lewis	Robinson
Bachman	Couzens	Logan	Russell
Bankhead	Dickinson	Loneragan	Schall
Barkley	Dieterich	Long	Schwellenbach
Bilbo	Donahay	McAdoo	Sheppard
Black	Duffy	McCarran	Shipstead
Bone	Fletcher	McGill	Smith
Borah	Frazier	McKellar	Steiner
Brown	Gerry	McNary	Thomas, Okla.
Bulkley	Gibson	Metcalf	Thomas, Utah
Bulow	Glass	Minton	Townsend
Burke	Gore	Moore	Trammell
Byrd	Hale	Murphy	Truman
Byrnes	Harrison	Murray	Tydings
Capper	Hastings	Neely	Vandenberg
Caraway	Hatch	Norris	Van Nuys
Carey	Hayden	Nye	Wagner
Clark	Johnson	Overton	Walsh
Connally	Keyes	Pittman	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present. The question is on the adoption of the amendment of the Senator from Texas [Mr. CONNALLY] to the committee amendment.

Mr. HARRISON. I have no objection to the amendment. The amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, there is some difference of opinion as to whether we should proceed tonight to the end, or whether we should make an effort to reach a unanimous-consent agreement to vote on Monday at a certain time and to fix a reasonable limitation on debate on further amendments and probably dispose of the whole question Monday. I am, of course, willing to do whatever the Senate desires. If it is desired to proceed further tonight, I am willing to do so. I hope we may enter into some reasonable agreement to vote on Monday, limiting debate on other amendments after the pending amendment shall have been disposed of. I am not particular as to the time limit to be fixed. I am only anxious that we shall, if possible, conclude the whole matter on Monday.

Mr. McNARY. Mr. President, I suggest to the Senator from Mississippi that we take a vote on the pending amendment, which is the proposal to substitute the Vinson bill for the Patman bill, and then recess until Monday.

Mr. HARRISON. I may say to the Senator that that would not be agreeable.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. What is the reason why the Senator does not want to vote now? We are all ready now to vote, and the Senate is here. We are ready to vote on the Vinson substitute; so, when everybody has been called in here to vote, why stop a vote?

Mr. HARRISON. I ask unanimous consent that we proceed to vote on this and other amendments that may be offered, and to a final vote on the bill tonight.

Mr. CLARK. I object to that. I will say to the Senator from Mississippi and the Senator from Louisiana that there are numerous Senators who are entitled to vote on this question who have left under the impression that no vote would be taken today on the final passage of the measure. They are Senators who have been in constant attendance here throughout the session, but who, for various reasons, have engagements out of town necessitating their leaving this afternoon.

I do not know whether the Senator from Louisiana has a special session of the Louisiana Legislature, or an arms conference, or what the consideration may be which makes it necessary for him to have a vote tonight, but I suggest that this is a question of sufficient importance to justify the statement that it should be voted upon by as large an attendance of the Senate as can possibly be obtained.

So far as I am concerned, I shall be glad to have a vote this afternoon on the substitute which I have offered for the committee amendment. The Senator from Mississippi [Mr. HARRISON] has indicated that he is not willing to have that done unless the bill is to be pushed through to final passage tonight. In justice to the Senators who have left who are entitled to vote on this measure, and who have been in constant attendance at the sessions of the Senate during the present session of the Congress, I think no rush movement should be attempted.

Mr. HARRISON. Mr. President, I submit another unanimous-consent request—that when the Senate concludes its session today it take a recess until 12 o'clock noon on Monday, and that not later than 1 o'clock on Monday the vote shall be taken upon the pending amendment, and that after that amendment shall have been disposed of no Senator shall speak longer than 20 minutes on any amendment or on the bill.

Mr. LONG. No, Mr. President; we will not agree to that.

SEVERAL SENATORS. What is the matter?

Mr. LONG. I will state what is the matter. We do not care to adjourn until Monday morning so that the President can work on the Members overnight. That is all this proposal means. Let us vote on this amendment now. Then we will talk about a unanimous-consent agreement.

Mr. HARRISON. The Senator from Louisiana must appreciate the fact that at the beginning of the session he was a strong advocate of the Vinson bill, as well as some others.

Mr. LONG. Yes; but it is not the Vinson bill now. It is the Vinson-Thomas-Long-Clark bill now. It is no longer the Vinson bill.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. The Senator from Mississippi has the floor. Does the Senator yield; and, if so, to whom?

Mr. HARRISON. I make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object.

Mr. ASHURST (and other Senators). Vote!

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield the floor?

Mr. HARRISON. I yield the floor.

Mr. CLARK. I desire to detain the Senate for not more than a moment. I simply wish to point out that, whatever the parliamentary situation may be, there are three separate propositions before the Senate:

One is the House bill, the so-called "Patman bill", which is primarily an inflation bill, and secondarily a bill for the payment of the bonus, providing for the payment of the bonus in printing-press money.

As a substitute for that, the Committee on Finance has offered a substitute commonly denominated the "Harrison bill", providing for paying the so-called "cash surrender value" of the certificates, but, instead of paying it in cash, it provides for paying it in bonds or money; but the inference, I think, according to the suggestion of the Senator from Mississippi himself, is that the cash surrender value is to be paid in bonds.

The third proposition is the so-called "Vinson bill." Unlike the Senator from Louisiana, I am not anxious to attach my name in conjunction with that of the author of the bill, which originated in the House of Representatives. I call it the "Vinson bill", although I offered it in the Senate as an amendment. The so-called "Vinson bill" provides for the full cash payment of the bonus certificates.

Any of those plans involves a readjustment of the basis of the Adjusted Service Certificate Act as passed in 1924. The difference of adjustment between the Vinson bill and the Patman bill is not important.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from Kentucky.

Mr. BARKLEY. In reading the bill which has been offered by the Senator from Missouri as a substitute, I find no provision for raising the money with which to pay the bonus, or for issuing bonds with which to obtain the money with which to pay it, or for printing money with which to pay it. What is the Senator's understanding as to how the money is to be raised?

Mr. CLARK. I may say to the Senator from Kentucky that that provision was deliberately left out of the bill. It was the intention of the sponsors of immediate cash payment of the bonus that no other controversial question should be involved in this one. It was felt that the essential matter was the acknowledgment on the part of the United States of the debt and the appropriation of the money, just as was done in the case of the work-relief joint resolution which was passed a few weeks ago.

I may say to the Senator from Kentucky that, so far as I am personally concerned, I am in favor of the plan of financing the bonus suggested by the Secretary of the Treasury, which is to apply to the inheritance-tax structure of the United States the plan presently employed as to the income-tax structure; but I have not undertaken, and the Representative from Kentucky who originally introduced the bill in the House has not undertaken, to incorporate that plan in the bill.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad to yield to the Senator in just a moment, as soon as I answer the question of the Senator from Kentucky. It was the theory of the proponents of the cash payment of the bonus who followed the Vinson plan that Congress should be left absolutely free as to the method of raising the money and paying the bonus, without any

attempt to inject another different and highly controversial question into the matter.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. CLARK. I yield.

Mr. BARKLEY. Of course, the bill which is offered as a substitute leaves Congress perfectly free, because it has nothing in it about how the money is to be raised, or in any way providing for raising the money. Is it assumed that under existing authority, without any specific reference to the matter in this bill, the Secretary of the Treasury will issue bonds, sell them to the public, and thus raise the money with which to pay the certificates?

Mr. CLARK. Mr. President, it is assumed that the money will be raised just as the money will be raised which is appropriated in the \$4,800,000,000 joint resolution of which the Senator from Kentucky was so eloquent a champion on this floor.

Mr. BARKLEY. By which, I suppose, the Senator means I did not open my mouth. [Laughter.]

Mr. CLARK. It was appropriated in the terms of the joint resolution, which created an obligation of the Government, and made an appropriation to deal with it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad now to yield to the Senator from Louisiana.

Mr. LONG. I am at a loss to understand why the Senator does not let us vote on the amendment. We are ready to vote on it.

Mr. CLARK. I shall be very glad to let the Senate vote on the amendment. I have consumed very little time. I happen to be the proponent of the amendment. The Senator from Louisiana talked for an hour and a half today, and injected himself into the speeches of several other Senators. I have claimed the right to address the Senate for not to exceed 5 minutes. I shall not delay the vote.

The VICE PRESIDENT. The yeas and nays have been ordered.

Mr. CLARK. Mr. President, I should like to conclude by saying that there are three propositions before the Senate. One is for a partial payment, which will not settle the issue, which will not prevent the same issue from being before the Senate and the Congress at the next session of the Congress. Another is the Patman bill, which is primarily an inflation bill, and employs the bonus only as a means and an excuse for issuing printing-press money. A third is the Vinson bill, which is a straight, outright proposal for the payment of the bonus in full in cash.

Mr. President, on this vote the issue will be not between the Patman bill, between the advocates of inflation and incidental payment of the bonus and the other advocates of payment of the bonus in full, but the issue on the vote which is about to be taken will be between the advocates of payment in full and the advocates of payment in part.

Mr. ROBINSON. Mr. President, impressed by the statement made by the Senator from Missouri that certain Senators are absent who desire to vote, and that there can be no conclusion of the whole matter today, I shall move that the Senate take a recess until 12 o'clock noon Monday.

Mr. SCHALL. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. ROBINSON. I yield.

Mr. SCHALL. I desire to have the clerk read a short statement.

The VICE PRESIDENT. Does the Senator from Arkansas yield for that purpose?

Mr. ROBINSON. Will not the Senator be content to have it printed in the Record?

Mr. SCHALL. It is very short.

Mr. ROBINSON. I cannot yield for a speech.

Mr. McNARY. Mr. President—

Mr. ROBINSON. I do not yield for a speech.

Mr. LONG. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON. I yield.

Mr. LONG. I merely wish to say to the Senator that, as I understand, he wants an adjournment, and we are not going to interfere with the filibuster.

Mr. ROBINSON. There is no filibuster, and I am not going to move an adjournment.

Mr. McNARY. Mr. President, I may say to the Senator from Arkansas that I think the Senator from Minnesota [Mr. SCHALL] would be content to have the statement to which he has referred published in the RECORD, and he makes that request.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter submitted by Mr. SCHALL is as follows:

ADMINISTRATION DUST

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD an editorial on dust. The dust with which this article deals is not the false-propaganda dust this administration throws around to keep the public blinded to the truth, but the real soil, easily loosened by lack of seeding and cultivation, that is being blown away from the fields of the Southwest where the President and his "brain trust" bribed the farmer to let the fertile land lie idle, that want and starvation might help the chaos and further the grandiose ambitions of this administration. The same thing happened in the Northwest last year. Next year it will be somewhere else unless the American people wake up and protest this sinful and godless plan of crop and food destruction that this administration has imported. "Whoso boasteth himself of a false gift is like clouds and wind without rain."

We have been taught, as a people, that to waste food or money or material was a sin, that a patch on our clothing was honorable; "waste not, want not", has been a national precept. But we have been led away by false gods from the things taught and practiced for generations. This administration has gone right along with the forces of destruction in nature. Their plowing under of cotton is a blood brother to the bollweevil; killing hogs matches hog cholera; the reduction of corn and wheat aids and abets the corn borer and the chinch bug and the grasshopper. All destructive forces of evil seem to align themselves with this administration.

When he ran for office in 1932, the President assured the farmers he had a remedy for their problem of low prices and surplus farm crops. Now, 2 years after taking office, not only has he done away with the surplus but is already buying wheat, corn, rye, meat, and so forth, from foreign countries while he pays the farmer not to plant and keeps the worker on the dole.

Administration spokesmen say dust flies because the farmer does not plow deep enough, but the farmer cannot understand why his plowing under the new deal brings dust storms when it did not before the days of "planned chaos" fell upon him. And how does it come that dust falls instead of rain in the rainy season in Arizona, Nevada, and California?

The new deal introduced new ideas of how to run our country—novel and foreign ideas—that this is a government of men and not of laws, that the way to get rich is to burn and destroy, that the way to help the worker is to raise prices on everything he buys, the way to help the farmer is to pay him not to farm and buy our food from foreign countries, the way to take care of the worker is to abolish his working hours and put him on the dole, the way to encourage production is to threaten business and confiscate profits through taxation and regimentation, the way to help America first is to join the World Court to entangle us in foreign affairs and help the foreign countries by giving them our markets through reciprocal-trade treaties made in secret without benefit of representation except by foreign interests, and the way to help the soldier is to cut him off his compensation and put him out of the hospitals and deny him his rightful bonus.

However, these novel ideas seem not to have met with favor above, for rain falls as dust and the earth is laid

waste. A voice seems to speak from on high that we are following false prophets who have forsaken the teachings of Christ on which our country was founded and God's scourge is a warning to shake ourselves free from such leadership and save the Republic.

When the arrogance of the administration and its godlings has set at naught and upset the delicate balance of supply and demand, and undertaken to promulgate laws to regulate crops and seasons and decrease flocks and herds in defiance of the laws of the Creator, God reaches out and takes a hand. He looses the whirlwinds of His wrath upon the poor denuded acres, long years safely bound by their grasses and crops against the heaviest winds, but stripped of their protective root carpet by the devils of destruction of the new deal. They sought to limit a percentage of acreage. In punishment, behold! The dust storms are blowing millions of acres of fertile soil away and piling it up on other millions to destroy their sprouting crops. A grim example to this sneering, godless, communistic group, and if they do not profit by it, worse will follow. God is not mocked. He does not read the fawning press nor the administration releases, nor is He moved by the constant bray of the radio pundits. Whom the Lord loveth, He chasteneth. There must be hope for us yet, since He still thinks there are some in this country sane enough to perceive the lesson of this chastening calamity, this violent devastating catastrophe, and to throw the plot of the foreign money changers out of the temple of our liberties.

Says the Lord in Deuteronomy:

And I shall send grass in thy fields for thy cattle, that thou mayest eat and be full.

Take heed to yourselves, that your heart be not deceived, and yet turn aside, and serve other gods, and worship them;

And then the Lord's wrath be kindled against you, and He shut up the heaven, that there be no rain, and that the land yield not her fruit; and lest ye perish quickly from off the good land which the Lord giveth you.

The editorial referred to is as follows:

[From the Washington Spectator and Mirror, Washington, D. C., May 1935]

DUST IN THE NEW DEAL

By Blair Coan

The new deal did not take Providence into consideration when it decided to destroy his blessings by ravaging the green fields of the Middle West. We were told the new deal was a "practical" thing, not dependent on the Ruler of the Universe or the elements. That everything would be accomplished by "scientific" processes. Nature was to be controlled by this band of dullards masquerading as wise men. So we stopped, looked, and listened.

This quackery seemed to appeal to the masses who were bored by the ordinary processes of evolution. Tired of the ordinary delay in all things. Why wait 7 years for a fruit tree to produce its burden? Mr. Roosevelt and his "brain trust", according to the high-powered press agents of the "new deal", could accomplish this fruition in less than 7 minutes. All things were just as simple (and we mean simple). The public was taken by new-deal yarns and for 2 years has been swallowing the bait without batting an eye. Perhaps it still believes these fairy tales, but there are a few sophisticated people who are beginning to understand that Providence has taken a hand in this destruction of plenty while many are in want.

The Middle West is being laid waste by dust storms. As soon as they began, new-deal press agents got on the job. From coast to coast they broadcast the story that because the people of the plains States had plowed up the buffalo grass, once native there, the wind was able to pick up the loose earth and blow it about, destroying whole counties of fertile land. This was a good story and the new deal is still sticking to it.

An inquiring person might ask this unique outfit of demigod politicians a very embarrassing question: "Why is it that it is more than 30 years since this buffalo grass was plowed up, and that the wind has always blown as hard as it is doing now, and yet these devastating dust storms never occurred before?" Perhaps they have an answer for the question, but we are sure it would not be the truth.

The simple truth is that the buffalo grass did hold the earth together and protect it from these winds which blow almost daily, but as the farmers plowed it up they planted crops of wheat and corn. The country being dry, much of the farming was done by what is called the "dry farming" process. That is plowing deeply and turning up the soil down deep where the moisture has settled from the winter snows. Also crops grown on these lands develop long roots, which reach down to the moisture soil below, and these

crops with these roots have been holding the soil in its original place for more than 30 years.

But Mr. Roosevelt and the "new dealers" had their own plan. They paid the farmers not to plant these crops and not to plow deeply and bring up the moisture-laden soil which for 30 years had successfully resisted the efforts of the winds to blow it away. Thus the soil dried out, and the usual parching summer sun reduced it to a fine powder. Then came the wind, and it blew and it blew, and there were no long roots of growing crops to hold it in place, and there was no moisture brought up to the surface by deep plowing; and the powdered soil began rising in the winds, and the winds kept blowing, as they always do, and the farmers who thought they were getting something by taking money out of the United States Treasury that they did not work for found that in return they had lost their farms for a few paltry dollars.

And this is why the Midwest is having dust storms and why farmers are losing their farms through an act not of Providence but of the new deal. And the new deal can rant and rave and declare they did not do it, but every farmer who has lost anything through dust storms has but one person to thank, and he is sitting in a big white house in Washington thinking how he can make the fish bite in the bright blue British waters off the coast of Nassau.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Col. Charles Ransom Reynolds, Medical Corps, to be Surgeon General, with the rank of major general, for a period of 4 years from date of acceptance, with rank from June 1, 1935, vice Maj. Gen. Robert U. Patterson, Surgeon General, whose term of office expires May 31, 1935; also the nominations of several other general officers in the Regular Army.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment, by transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk read the nomination of Henry B. Foster to be postmaster at Haleyville, Ala.

Mr. McKELLAR. Mr. President, that nomination has been reported adversely. I ask that it be rejected.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

The nomination was rejected.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar, with the exception of that of Henry B. Foster, which has just been rejected, be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc.

That completes the calendar.

RECESS TO MONDAY

The Senate resumed legislative session.

Mr. ROBINSON. Mr. President, I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until Monday, May 6, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 3 (legislative day of May 1), 1935

DIPLOMATIC AND FOREIGN SERVICE

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Alvin Mansfield Owsley, of Texas, now Envoy Extraordinary and Minister Plenipotentiary to Rumania, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Irish Free State.

Leland Harrison, of Illinois, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Rumania.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

The following-named officer for appointment, by transfer, in the Regular Army of the United States:

TO QUARTERMASTER CORPS

Capt. Hubert Wiley Keith, Infantry (detailed in Quartermaster Corps), with rank from November 2, 1928.

PROMOTIONS IN THE REGULAR ARMY

The following-named officers for promotion in the Regular Army of the United States:

TO BE COLONELS

Lt. Col. Lesley James McNair, Field Artillery, from May 1, 1935.

Lt. Col. Charles Russell Alley, Chemical Warfare Service, from May 1, 1935.

Lt. Col. James Garfield McIlroy, Infantry, from May 1, 1935.

Lt. Col. Lucian Barclay Moody, Ordnance Department, from May 1, 1935.

Lt. Col. Paul Delmont Bunker, Coast Artillery Corps, from May 1, 1935.

Lt. Col. George R. Allin, Field Artillery, from May 1, 1935.

Lt. Col. William Bryden, Field Artillery, from May 1, 1935.

TO BE LIEUTENANT COLONELS

Maj. Henry Newbold Sumner, Adjutant General's Department, from May 1, 1935.

Maj. Edward Roth, Jr., Adjutant General's Department, from May 1, 1935.

Maj. George Winship Easterday, Coast Artillery Corps, from May 1, 1935.

Maj. Austin Garfield Frick, Coast Artillery Corps, from May 1, 1935.

Maj. Sydney Smith Winslow, Coast Artillery Corps, from May 1, 1935.

Maj. Willmot Alfred Danielson, Quartermaster Corps, from May 1, 1935.

Maj. Boltos Elder Brewer, Infantry, from May 1, 1935.

Maj. Edgar Bergman Colladay, Coast Artillery Corps, from May 1, 1935.

TO BE MAJORS

Capt. Jacob Albert Blankenship, Cavalry, from April 30, 1935.

Capt. Charles Henry McNair, Infantry, from April 30, 1935.

Capt. Orville Jackson, Quartermaster Corps, from May 1, 1935.

Capt. LeRoy Henry Palmer, Quartermaster Corps, from May 1, 1935.

Capt. Walter Clarence Hamilton, Ordnance Department, from May 1, 1935.

Capt. Robert Grant Mangum, Field Artillery, from May 1, 1935.

Capt. Robert Lee Hostetler, Infantry, from May 1, 1935.

Capt. Harrison William Flickinger, Air Corps, from May 1, 1935.

Capt. Mark Albert Dawson, Field Artillery, from May 1, 1935.

Capt. Elmer Gwyn Thomas, Quartermaster Corps, from May 1, 1935.

Capt. Roscoe Arthur Dean Stanis, Infantry, from May 1, 1935.
 Capt. William Frederick Gent, Infantry, from May 1, 1935.

TO BE CAPTAINS

First Lt. Richard Bryan Wheeler, Infantry, from April 25, 1935.
 First Lt. Thomas Roswell Aaron, Infantry, from April 30, 1935.
 First Lt. David Albert Newcomer, Corps of Engineers, from April 30, 1935.
 First Lt. Alfred Maximilian Gruenther, Field Artillery, from May 1, 1935.
 First Lt. Herbert Bernard Loper, Corps of Engineers, from May 1, 1935.
 First Lt. Williston Birkhimer Palmer, Field Artillery, from May 1, 1935.
 First Lt. Robert Gibbins Gard, Field Artillery, from May 1, 1935.
 First Lt. Herbert Maury Jones, Field Artillery, from May 1, 1935.
 First Lt. Orville Wells Martin, Field Artillery, from May 1, 1935.
 First Lt. Forrest Eugene Cookson, Infantry, from May 1, 1935.
 First Lt. Alexander Sharp Bennet, Field Artillery, from May 1, 1935.
 First Lt. George Sheldon Price, Field Artillery, from May 1, 1935.
 First Lt. Wyburn Dwight Brown, Field Artillery, from May 1, 1935.
 First Lt. Robert Miller Montague, Field Artillery, from May 1, 1935.
 First Lt. Charles Pollard Jones, Field Artillery, from May 1, 1935.
 First Lt. Anthony Clement McAuliffe, Field Artillery, from May 1, 1935.
 First Lt. Lester Francis Rhodes, Corps of Engineers, from May 1, 1935.
 First Lt. Albert Rhett Stuart Barden, Field Artillery, from May 1, 1935.

TO BE FIRST LIEUTENANTS

Second Lt. William Ball, Air Corps, from April 25, 1935.
 Second Lt. Carl Rose Storrie, Air Corps, from April 30, 1935.
 Second Lt. Merrill Davis Burnside, Air Corps, from April 30, 1935.
 Second Lt. Hollingsworth Franklin Gregory, Air Corps, from May 1, 1935.
 Second Lt. Eugene Harold Beebe, Air Corps, from May 1, 1935.
 Second Lt. Harold Winfield Grant, Air Corps, from May 1, 1935.
 Second Lt. Kenneth Alfred Rogers, Air Corps, from May 1, 1935.
 Second Lt. Reuben Columbus Hood, Jr., Air Corps, from May 1, 1935.
 Second Lt. Leslie Oscar Peterson, Air Corps, from May 1, 1935.
 Second Lt. Irving Remsburg Selby, Air Corps, from May 1, 1935.
 Second Lt. Floyd Bernard Wood, Air Corps, from May 1, 1935.
 Second Lt. Theodore Mathew Bolen, Air Corps, from May 1, 1935.
 Second Lt. Norman Delbert Sillin, Air Corps, from May 1, 1935.
 Second Lt. Flint Garrison, Jr., Air Corps, from May 1, 1935.
 Second Lt. James Leroy Jackson, Air Corps, from May 1, 1935.
 Second Lt. Chester Price Gilger, Air Corps, from May 1, 1935, subject to examination required by law.
 Second Lt. Hugh Arthur Parker, Air Corps, from May 1, 1935.
 Second Lt. Thomas David Ferguson, Air Corps, from May 1, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of May 1), 1935

POSTMASTERS

COLORADO

Darius Allen, Colorado Springs.

MISSOURI

Adam B. Jenkins, Advance.
 William H. Ward, Bonne Terre.
 Floy E. Buxton, Carl Junction.
 Roy M. Burchett, Elsberry.
 Melissa M. Wilson, Hartville.
 William G. Warner, Lamar.
 Fred B. Pollock, Lilbourn.
 William T. McMahan, Marshfield.
 Clyde E. Walker, Mountain View.
 Robert Stemmons, Mount Vernon.
 Mae B. Whitfield, Oronogo.
 Tom B. Northcutt, Seligman.
 William E. Murphy, Sumner.

OHIO

Earl C. Windle, Sebring.

REJECTION

Executive nomination rejected by the Senate May 3 (legislative day of May 1), 1935

POSTMASTER

ALABAMA

Henry B. Foster, Haleyville.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 3, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, today we rejoice in health, happiness, and in the pride of life; Thou art mindful of us when we forget Thee, and careful of us when we are careless of ourselves. Accept our thanksgiving and praise and hear our humble appeal that just motives and earnest solicitude may thoroughly direct the Congress. With conviction and understanding may we be men with a message, men with a purpose, and men with a spirit to meet the challenge of our urgent duty. May we resolutely bear witness of our fidelity and justify our high calling. Hold us to the firm realization that while God is God it is always right to do right. Gracious Lord, bless our country and grant that its broad and extensive horizon may soon redden with a glowing hope and promise. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. DUFFY of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to have printed in the RECORD a speech delivered by Mr. Frank E. Gannett, publisher of the Rochester Times Union and the Democrat and Chronicle. This address is on the banking situation and I think would be helpful to the discussion of the bill now pending before the House.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us who made this speech?

Mr. DUFFY of New York. Mr. Frank E. Gannett, publisher of the Gannett Newspapers, a resident of Rochester, N. Y. He is the publisher of the Rochester Democrat and Chronicle and the Times Union. This is on the banking bill, and I think would be helpful to the consideration of the bill now before the House.

Mr. MICHENER. Mr. Speaker, reserving the right to object, is this the Vanderlip speech?

Mr. DUFFY of New York. No.

Mr. MICHENER. Would the gentleman include the Vanderlip speech also?

Mr. DUFFY of New York. I asked permission to insert that speech and it was not granted.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I suggest to the gentleman that he include certain excerpts of the Vanderlip speech, especially where he said that the farmers of America knew more about currency than the bankers?

Mr. WOODRUM. Mr. Speaker, reserving the right to object, I certainly do not like to object to requests that my colleagues make, and I shall not object. I do not think the Members ought to put speeches of other people in the RECORD in their extension of remarks. I do not care what any Member of Congress says in his own speech. He may make a speech criticizing the administration, he may make a speech criticizing me or anyone else and put it in the RECORD, but do not put the addresses of other people in the RECORD. Those things have no right to be in there under extension of remarks. I wish my amiable colleague, the gentleman from New York, would be magnanimous and set a precedent by withdrawing his request.

Mr. MANSFIELD. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Texas.

Mr. MANSFIELD. I am going to ask permission to extend my remarks and to include therein a speech delivered by the Secretary of War and another speech by the Chief of Engineers of the Army. Would the gentleman have objection?

Mr. WOODRUM. Government officials are different. This is a practice that has grown up just recently and it is not proper. We used to have a rule that we would not include these various addresses and newspaper articles in the CONGRESSIONAL RECORD. Where will this all end?

Mr. DUFFY of New York. Mr. Speaker, I only made this request because I thought it would be helpful in the discussion of the banking bill now before the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. HOFFMAN. Mr. Speaker, in view of the reluctance to object on the other side, I will do the dirty work and object.

Mr. DUFFY of New York. Mr. Speaker, I withdraw my request.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, I wish to invite the attention of the Members of the House to the standard forms for bridge bills which have been worked out over a period of years by the Committee on Interstate and Foreign Commerce, which has jurisdiction of all bills authorizing the construction of bridges over navigable streams, State lines, and international boundaries. These forms are the result of much study and labor, in addition to long experience in handling bridge legislation.

A large number of these bills is referred to the committee each year. For example, in the last Congress the Subcommittee on Bridges considered 176 bills, 104 of which were reported by the full committee to the House, 90 of which passed the House and 86 of which passed both Houses.

Recently a number of Members have failed to follow the standard forms, probably because they were not available to the Members in printed form. That has caused a good deal of confusion and delay. It has been found necessary by the committee to correct many bills and sometimes to have them rewritten and reintroduced.

These bridge bills are of great importance to the Members sponsoring them, and of great interest to their respective con-

stituencies. It will be a source of convenience to the Members of the House, will obviate the necessity of frequent delays, and expedite the passage of bridge legislation, if the Members in introducing bridge bills will adhere to the following approved and standard forms:

FORMS FOR BRIDGE BILLS

NO. 1

(Form for publicly owned free highway bridge, intrastate)

A bill granting the consent of Congress to the-----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a free highway bridge across the ----- River at or near -----

Be it enacted, etc., That the consent of Congress is hereby granted to the-----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a free highway bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 2

(Form for publicly owned free highway bridge, interstate) *

A bill authorizing the-----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a free highway bridge across the ----- River at or near -----

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the-----

(Insert the name of the State, county, city, or highway department) be and is hereby authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the-----

(Insert the name of the State, county, city, or highway department) all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 3

(Form for publicly owned toll bridge, intrastate)

A bill granting the consent of Congress to the-----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a toll bridge across the ----- River at or near -----

Be it enacted, etc., That the consent of Congress is hereby granted to the-----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed ----- years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the

expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

Sec. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 4

(Form for publicly owned toll bridge, interstate)

A bill authorizing the -----

(Insert the name of the State, county, city, or highway department) to construct, maintain, and operate a toll bridge across the ----- River at or near -----

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the -----

(Insert the name of the State, county, city, or highway department) be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

Sec. 2. There is hereby conferred upon -----

(Insert the name of the State, county, city, or highway department) all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

Sec. 3. The said -----

(Insert the name of the State, county, city, or highway department) is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

Sec. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed ----- years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

Sec. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 5

(Form for privately owned toll bridge, intrastate)

A bill authorizing -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the ----- River at or near -----

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

Sec. 2. After the completion of such bridge, as determined by the Secretary of War, either the State of -----, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of ----- years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or

prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion cost, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

Sec. 3. If such bridge shall at any time be taken over or acquired by the State of -----, or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed ----- years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

Sec. 4. The -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the highway department of the State of -----, a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the highway department of the State of ----- shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

Sec. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

Sec. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 6

(Form for privately owned toll bridge, interstate)

A bill authorizing -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the ----- River at or near -----

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the ----- River, at a point suitable to the interests of navigation, at or near -----, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the condition and limitations contained in this act.

Sec. 2. There is hereby conferred upon -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

Sec. 3. The said -----, its successors and assigns (or his or their heirs, legal representatives, and assigns), is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of

toll so fixed shall be the legal rates until changed by the Secretary of War under authority contained in the act of March 23, 1906.

Sec. 4. After the completion of such bridge, as determined by the Secretary of War, either the State of _____, the State of _____, any public agency or political subdivision of either of such States, within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of either of such States governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of _____ years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

Sec. 5. If such bridge shall at any time be taken over or acquired by the States or public agencies or political subdivisions thereof, or by either of them, as provided in section 4 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed _____ years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

Sec. 6. The _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall within 90 days after the completion of such bridge file with the Secretary of War and with the highway departments of the States of _____ and _____ a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and upon request of the highway department of either of such States shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 4 of this act, subject only to review in a court of equity for fraud or gross mistake.

Sec. 7. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

Sec. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 7

(Form for privately owned toll bridge, International)

A bill authorizing _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the _____ River at or near _____.

Be it enacted, etc., That in order to facilitate international commerce, improve the Postal Service, and provide for military and other purposes, _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the _____ River, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at or near _____, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in _____.

Sec. 2. There is hereby conferred upon _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property in the State of _____ needed for the location, construction, operation, and maintenance of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of _____, upon making just compensation therefor to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

Sec. 3. The said _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), is hereby authorized to fix the charge tolls for transit over such bridge in accordance with any laws of _____ applicable thereto, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

Sec. 4. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act, is hereby granted to _____, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

Sec. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 8

(Form for railroad bridge)

A bill granting the consent of Congress to the _____ to construct, maintain, and operate a railroad bridge across the _____ River at or near _____.

Be it enacted, etc., That the consent of Congress is hereby granted to the _____, its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the _____ River, at a point suitable to the interests of navigation, at or near _____, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

Sec. 2. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to _____, its successors and assigns, and any party to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise is hereby authorized to exercise the same as fully as though conferred herein directly upon such party.

Sec. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 9

(Form for railroad bridge, International)

A bill granting the consent of Congress to the _____ to construct, maintain, and operate a railroad bridge across the _____ River at or near _____.

Be it enacted, etc., That the consent of Congress is hereby granted to the _____, its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the _____ River, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at or near _____, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the approval of the proper authorities in _____.

Sec. 2. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to _____, its successors and assigns, and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

Sec. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 10

(Form to extend the time for constructing a bridge)

A bill to extend the times for commencing and completing the construction of a bridge across the _____ River at or near _____.

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the _____ River, at or near _____, authorized to be built by _____, by the act of Congress approved _____, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

EXTENSION OF REMARKS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech delivered by the Secretary of War last night and

also to include an address delivered by the Chief of Engineers yesterday before the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

IMPORTANCE OF WATER RESOURCES AND PROGRESS OF WATERWAY DEVELOPMENT

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. George H. Dern, Secretary of War, at the annual banquet of the National Rivers and Harbors Congress, Mayflower Hotel, Washington, D. C., May 2, 1935:

I have come to discuss our most vital national resource—water. I have come to speak to a body of nonpartisan patriots, determined that our water resources shall be of maximum benefit to our country and contribute to the fullest extent to the well-being of its citizens.

I have come as the sixty-ninth head in lineal succession of one of the three original great Government departments, and the one to which major waterway improvements have always been entrusted, to pledge the utmost in enlightened and energetic prosecution of waterway affairs.

I have come to repeat publicly my pledge to the President that as my Department has been first in war, so it is ready to be first in peace—the spearhead of his drive to eliminate unemployment through the improvement of those water resources which govern all life, and which, of necessity, must be the focal point around which other forms of improvement must be grouped. We have the plans for the work and the engineers to execute it.

I have come as Secretary of War and as an individual, to express my faith in waterway improvements, not merely as a means for relieving unemployment and for reviving the heavy industries, but as a sound addition to our capital equipment, to strengthen our economic structure and to promote social development.

From the earliest ages, waterways have had a critical influence on the development of civilization and the spread of culture. Economic expansion has followed them. From the time, in 1607, when the *God-speed*, the *Susan Constant*, and the *Discovery* sailed up the James River with the dauntless and intrepid band of settlers who founded our country; from the time a few years later when the *Mayflower*, with its cargo of inspired pioneers first spread its sails in Massachusetts Bay, our civilization has followed our waterways. Even in the conquest of the western plains and mountains, prairie schooners set out only when navigation could be pushed no further inland. And our streams carried our prospectors into the heart of Alaska.

Only with a highly developed and efficient transportation system can a powerful and reliable economic structure be erected and maintained. Our waterways are arteries of such a system. Through our ports come rubber, tin, textiles, spices, machinery, and inventions of other lands which go to make a fuller and better life, and out of them go those products, such as cotton, wheat, cattle, oil, and manufactured articles, on the production of which whole sections of our country depend.

The great rivers with which we are blessed reach inland with their commerce. I sometimes wonder whether our great cities, with their present manifold activities, realize that the waterways have made them what they are, and recognize the important part in the continued growth of those cities which improved waterways have played. The truth of this statement with respect to the great eastern seaboard cities, and in regard to the large cities on the Gulf and on the Pacific coast, is perhaps apparent, but how much credit do the waterways receive for the development and continued prosperity of such inland cities as Pittsburgh, Chicago, St. Louis, Cincinnati, St. Paul, Duluth, Detroit, Memphis, Sacramento, and many others?

Costly forms of transportation in the interior have placed that region at a disadvantage with the coast, and the scope of its economic effort has been curtailed. The farmer pays for the transportation of his products, and he has been paying for this interior disadvantage by the sweat of his brow. The manufacturer has been forced to the seaboard by high freight rates, thus retarding industrial development in the midst of our greatest agricultural area.

I like to think of the great Mississippi not as a dividing line between the East and the West, but as a broad artery of trade connecting the Great Lakes and the Gulf, with arms in the Ohio and Tennessee reaching to the Alleghenies, and in the Missouri and Arkansas tapping the fertile western plains and the slopes of the Rockies—a real bond and link between East and West, North and South, rather than a barrier.

Within a few miles of the Capitol are communities which are almost wholly dependent on waterways for their transportation, and for an outlet to their markets. To deprive our country of its water transportation would paralyze trade and would wholly change our commercial structure. To fail to forge ahead in their improvement or to keep pace with modern requirements would be a breach of public trust.

Our Federal Government is alone empowered to make a comprehensive development of our waterways. It recognizes its responsibilities to the people. Let not selfish interests seek to undermine the edifice which has been erected in our waterway transportation

system, as worms boring within the timbers of a ship eventually destroy it.

Our streams are important not alone as carriers of commerce. Even the most hardened of us must drink water occasionally. The general excellence of our water supplies has made for a healthy country, and made possible the concentration of population we now have. Our sanitary engineers are world leaders in their field, and the water works of this country, of which there are good examples here, are unsurpassed.

Water is a dynamic resource. Our coal and oil may become exhausted—already this is predicted—but the waters will flow forever. Water power turned the grist mills which ground our fathers' wheat and corn. Water power developed the factories of New England, the textile industry of the South. Hydroelectric development now permits a diversification of the benefits of stream flow far from the stream itself, and in some places is the sole reliance of a considerable population for light, heat, and power. Our resources in hydro power are unexcelled and only partly developed. Our use of these resources is abreast or ahead of world progress.

In the Far West are regions where the soil is richer, deeper, and more productive than almost anywhere else in the United States, but where nature has been niggardly in providing the life-giving water to make things grow. Where there is no water there is no life. Such spots are a challenge to man's ingenuity in conducting water from afar. He has responded magnificently, and great valleys that were once deserts are now a countryside of smiling fields and orchards, with progressive American communities that form an important market for the products of Eastern manufacturing centers. Irrigation is a sound national policy, and is generally practiced where the people do not know the meaning of the words "marginal" or "submarginal" as applied to land. The development of larger areas may logically be expected, to meet the demands of an expanding or shifting population.

Nature, not always kind in furnishing water, sometimes provides it in too great abundance. In these localities, the fertility of the soil is such that venturesome man invades the regions despite the risk, and hence engineering works of the first magnitude have been required, to save for the Nation those farm lands so necessary for our growing population, and those commercial centers so essential as a market for raw materials and manufactured products.

And when there is the use of lakes and streams for recreational purposes. We are just beginning to learn that those who live the strenuous life must play a little now and then. To furnish the people recreational facilities is a public responsibility and function. By the same token, stream pollution likewise becomes a public problem; and it is one that we ought to face right away.

If proof is necessary, I have said enough to convince even a skeptic that water controls our civilization. What is to be the future of our waterways? In considering this, it should be profitable to review briefly some notable achievements of the past. No doubt, the Chief of Engineers and others who will address you will give details of the work of the War Department which will be of intense interest to you. What I wish to do is merely to call attention, in broad outline, to some major accomplishments.

When your organization was formed in 1901, at the dawn of this century, works for the improvement of our rivers and harbors had progressed from the first few modest undertakings designed to provide for the small carriers in use during the early history of the Republic, to more ambitious and extensive projects in keeping with the requirements of modern shipping and the technical progress which had been made since the days of George Washington and his Potowmack and James Canals. The work had been done progressively and as any prudent individual would conduct his own affairs—according to reasonably prospective needs and the condition of his finances. Where life and health were involved, especially, consideration was given to worthy projects. As ambitious as some of these projects were for their time, they seem small when viewed in retrospect.

Up to 1900, the War Department had expended some \$313,000,000 on waterway improvements, and the total appropriations available for expenditure by the Department during that year did not reach \$19,000,000, a sum less than now available to a single Engineer district. With the improvement in our transportation system, some of the earlier projects were outmoded, whilst others were fast becoming more important, and the needs of navigation insistently demanded their enlargement.

Let us glance for a moment at the record of the last 35 years on this, your thirtieth meeting and your thirty-fifth birthday. Since your association was formed, the Panama Canal was begun and completed as an American undertaking—a truly magnificent achievement that stirs the pride of every American. Taken up where others had failed, the work was pushed brilliantly to completion, and has become a model of engineering organization and achievement which the whole world acclaims. The work on the Atlantic Harbors has been less spectacular because it is under water, but it is no less important. These great harbors and entrance channels have been deepened from about 25 feet to from 35 to 40 feet. The important interior link of waterways along the Atlantic coast is now nearing completion, and is of outstanding significance.

The South has developed rapidly, and with the oil fields in the Southwest has added greatly to Gulf commerce, necessitating far-reaching improvements in Gulf ports and connecting waterways. The improvement of the Texas ports, and the vast commerce using them, has come largely since your Congress first met.

The Pacific ports have shared in the general improvement. The Columbia, improved by monumental breakwaters and other works, is substantially a development of the last 35 years. Los Angeles has attained the prominent place it holds as a port and city during this period. San Francisco, with its magnificent inland harbor, has profited by interior channel improvements.

The deepened connecting channels and the harbor improvements on the Great Lakes, together with technical industrial progress, have made possible the development of the greatest interior water commerce in the world, the major part of which has come since the turn of the century. This development points directly to the projected Great Lakes-St. Lawrence seaway, by means of which ocean commerce may be brought to the heart of the American continent and enormous hydroelectric power resources developed for man's use. How much longer this great, permanent natural resource will be left lying idle I do not know, but I do know that sometime the sister republics of Canada and the United States will develop it as a joint undertaking for their mutual benefit.

The interior rivers have not been neglected, but are now receiving preferential treatment. From a few disconnected stretches where improvements had been begun, the vast Mississippi with its tributaries has been changed during the life of your organization into an integrated system, which will soon permit the operation of boats of uniform draft from the Alleghenies and the Lakes to the Gulf, and even to Kansas City and beyond—the most extensive system of river navigation in the world. The final stages of this improvement are at hand. The upper Mississippi from St. Paul to St. Louis is being transformed by the construction of more than a score of dams into a chain of beautiful lakes, connected by locks and canals, to permit safe and dependable navigation from St. Paul to the Gulf, to say nothing of the recreational value of these bodies of water. The Missouri River is being regulated from its mouth to Sioux City, and the Fort Peck Dam is being constructed to provide ample water for navigation throughout the season. Barge operation between St. Louis and Kansas City will be inaugurated early next month. I am hopeful of securing an allotment of funds sufficient to push the upper Mississippi and the Missouri River projects to early completion.

Works for the control of floods on the lower Mississippi, and on the Sacramento, which were begun in a modest way, largely through local initiative and enterprise, have now been taken over by the Federal Government to a large extent, and have been increased enormously during the period we are considering. Works for the development of power, and the improvement of water supplies, have been undertaken and completed throughout the entire country. Irrigation has made great strides under the efficient direction of the Bureau of Reclamation in the Department of the Interior.

These are significant accomplishments, not abstract theories. The improvements have had, are having, and will have, a far-reaching influence on our cultural, economic, and social life.

I call them to your attention to refresh your memory and to impress you with the increased tempo with which the work has been prosecuted during recent years. It has cost large sums of money, but the expenditures have been commensurate with the importance of the work, the increasing wealth of the country, and, very recently, with the social and economic requirements of the emergency.

Over \$2,000,000,000 have now been spent or allotted to vital improvements undertaken by the War Department. Compare this figure with that of 1900. Since that time about 85 percent of the work has been done. Prior to the new relief appropriation of \$4,800,000,000, the present administration has allotted about \$515,000,000 to this work. This is nearly twice as much as was made available for similar work during the whole century preceding the birth of your organization. Certainly the waterway new deal has been a square deal.

Let us look at the present situation. You are doubtless familiar with the scope and extent of the projects under way; the rapidity with which they were undertaken; the vigor with which work at Fort Peck, Bonneville, the Mississippi, the Missouri, the Muskingum, along the coast, on the Lakes, and elsewhere, is being prosecuted.

Hundreds of millions were allotted, and the work was put under way with astonishing promptness and is being pushed to completion with gratifying speed. Hundreds of thousands of idle men have been given employment and are now engaged on work of this character. Human requirements have been kept in the foreground. Not only those of the individuals have been given consideration, but the rights of contractors have been fairly protected. The Department was the first Government agency to draw contracts in which wages and proper living conditions of employees were safeguarded.

River and harbor improvements have such a high social value, can furnish prompt and wide-spread employment to so many men, and will so stimulate the durable-goods industries that I am sanguine of receiving generous allotments out of the new public-works appropriation. Both the intrinsic merit of waterways projects and their wide-spread benefits insure this.

In the river and harbor bill just passed by the House of Representatives there are 204 projects, 127 of which are new and 77 of which were included to give permanent status to work already completed or under way with emergency funds. I understand that still other projects are being considered by the Senate committee which is handling this bill.

But even the remarkable progress which has led up to the present situation does not represent the last word in the orderly

and comprehensive development of our water resources. Many other projects and plans are ready for consideration and adoption when social, financial, and economic conditions demand, and still others are in preparation. As you know, these improvements are not haphazard developments. All projects have been given the most searching investigation prior to their adoption. I say this not only on my own authority but on that of many of your leaders, past and present, who have given the matter consideration.

The War Department, for years, has been a major planning agency. Its place in our national organization requires that. It has made a longer and more extensive study of organization and planning than has any other agency in the country. All forms of industrial activity will find prototypes of their organization in the Department. Industry recognizes these facts, and students have recorded them in their works.

The Department has planned for the future, and is continuing to do so, to the extent that funds and authority are available. The pioneer planning undertaken by the Department was given a major impetus when authority was given and money made available to conduct a comprehensive survey of the streams of the country, as listed in House Document No. 308, Sixty-ninth Congress. This survey, the first and most comprehensive of its kind ever undertaken, has resulted in the accumulation of data of far-reaching importance, and the formulation of plans for 1,600 definite projects. Not only were navigation, power, flood control and irrigation given consideration in these plans, but where these were patently involved with other water uses, those other uses were studied and provision was made for them. The survey is the foundation on which all of our general waterway plans have been formulated. It is alive. Plans are being kept abreast of the times, and developed to meet changing social and economic conditions and the reasonably prospective needs of the future. A summary or index of the reports of this survey has been mimeographed and is available to you.

The War Department is most fortunate in being able to number among its friends and supporters, an organization such as yours, which is devoted to the rational development of our paramount national asset. In bringing before the Congress, the Administration, and the War Department, worthy projects for inclusion in our national waterways plan, in presenting local views, and most important of all, in assisting in the crystallizations of national opinion, you have rendered a signal service to your homes, your States, and your country. Under its present officers, and with the leadership and Membership of your Congress, I feel confident that even greater accomplishments will be possible in the future.

The work before us involves the solution of problems which are too important to be entrusted to any group except one composed of professional men, who, by training and lifelong experience, are qualified to render the country a high order of service, and who are uninfluenced by sectional or professional jealousies and personal ambitions. The task is too vast and too important to be given to those having only local or theoretical experience, or whose experience is limited to some special phase of waterway development.

The Department recognizes its responsibilities in the matter of waterway development. That stern and accomplished old Roman, Julius Frontinus, fresh from triumphs on the battlefields, when made curator of waters by the Emperor Nerva, in the year 97 A. D., expressed his sense of honor at the appointment by recording in his memoirs that his duties "from olden time, have been exercised only by the most distinguished citizens." As in the mighty Roman Empire, so in this mighty country has the task of handling our waters been entrusted to the most distinguished citizens. Five former Presidents of the United States and the only President of the Confederacy were given the task of improving our waterways. Some of our great soldiers, like Frontinus of old, who won battles for his emperor in Spain and Britain, have been engaged upon our waterway improvements. Lee and Meade, Beauregard and Humphreys, Goethals and Sibert have earned enduring fame as soldiers and as engineers.

There are men among the Army Engineers today with the same high ability, integrity, and zeal, and who, moreover, are inspired by these famous former members of their corps to perform even greater service for the country if the opportunity is given them.

The War Department, with over a century of experience in every type of waterway development, with not only the experience, but with a record of probity and achievement unrivaled by any other engineering organization in the world, will be devoted in the future, as in the past, to planning and executing the works which you have so close at heart.

The Army in this country has never started any of the Nation's wars but has finished them all successfully. Its victories in peace have been no less renowned than in war, and it glories as much in its economic achievements as it does in seeing the serried ranks returning home in triumph from the battlefield.

The Army accepts the challenge of the depression. We are ready to forge ahead on the President's program of ending misery and of providing the country with enduring improvements.

I know we can count on your continued enthusiastic cooperation. Let your accomplishments in the past be but the prelude to still greater service in the future.

DEVELOPMENTS IN WATERWAY IMPROVEMENTS

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following ad-

dress of Maj. Gen. E. M. Markham, Chief of Engineers, United States Army, before the National Rivers and Harbors Congress, in Washington, and to the country by Nation-wide radio broadcast over the system of the National Broadcasting Co., May 2, 1935:

Mr. President and gentlemen, it is a great privilege to have the opportunity again to appear before the membership of the National Rivers and Harbors Congress, and to speak briefly of the developments in waterway improvements since your last annual meeting, particularly since the influence of your Congress has been an important one in the comprehensive and intelligent improvement program for utilizing to the best advantage the great natural assets afforded by our national waterways.

Last year, I told you that prior to 1928, the annual appropriation for the maintenance and improvement of our rivers and harbors had averaged from \$40,000,000 to \$50,000,000, and for flood control, about \$10,000,000, and that in the 5 years preceding the National Industrial Recovery Act, approximately \$400,000,000 was expended on rivers and harbors, and \$158,000,000 on flood control. When I addressed you last year, there had been received as a part of the augmented budget for emergency relief, \$250,000,000 for application to rivers and harbors and flood control. That amount has been increased until, at the present time, a total of \$356,000,000 has been received for the purposes stated. These funds have practically all been obligated. Of the river and harbor funds made available from the National Industrial Recovery Act, there remains unexpended but \$15,000,000 or about 4 percent. These resources have made possible a major contribution to employment relief and a noteworthy advance in the development of our waterways.

The record of the first year of our emergency expenditures, in the preparation of plans and specifications and in speedily placing the work under way, has been continued as a consequence of which, I feel it my duty to speak gratefully again of the enthusiastic and loyal efforts of my organization in the purpose that the emergency program should be successful.

As allotments were necessarily influenced by the need for providing employment, a number of projects urgently demanded by navigation have not been included in the emergency works authorized. The funds, however, have permitted the initiation of a number of major projects which will be completed when additional allotments are made. Some of the more important enterprises on which material progress is in evidence, but for which more funds are required for completion, are the Delaware River from Philadelphia to Trenton, the Intracoastal Waterway along the Atlantic coast, the canalization project for the upper Mississippi River, the regulation program for the Missouri River, and the construction of the Fort Peck Reservoir. The Bonneville Dam, the replacement program on the Kanawha River, the completion of the channels in the Great Lakes, the enlargement of the Cape Cod Canal, further work in Tampa, Miami, Boston, Sabine-Neches Waterway, the Louisiana-Texas Intracoastal Waterway, and several of the important Great Lakes ports will likewise require further funds.

This Department has prepared a comprehensive program, which, in addition to the completion of these projects, provides for continuing work on the projects hitherto authorized by Congress, or recommended to Congress, and included in the river and harbor bill recently passed by the House of Representatives and now before the Senate. Preliminary plans and specifications are well advanced for all of these improvements and the Department is prepared to place them under way as rapidly as funds become available. Their completion will insure that with the end of the depression and the inevitable commercial expansion which will follow, our waterways will be prepared to meet the demands of navigation and to play their usual important part in the maintenance of prosperity.

The emergency relief appropriations have also provided funds for certain flood-control projects. These funds have been applied only to projects authorized by Congress, to those combined with other improvements, or where the local interests have contributed in large part to the project. These developments include the authorized flood-control plan for the Mississippi River, that for the Sacramento River, and the comprehensive plan for the Muskingum Conservancy District. On the Muskingum, our Department is acting as the construction agency in providing 14 flood-control reservoirs under a contractual agreement between the Administration of Public Works and the Conservancy District. The district pays approximately one-third of the cost. The Fort Peck and Tygart Dams will be of material value to flood control, although both of these reservoirs are designed primarily to augment low-water flow for navigation purposes.

The comprehensive surveys and investigations undertaken by the Engineer Department have developed a large number of meritorious flood-control projects, many of which are needed to reduce the enormous damages resulting from periodic high water. These flood-control projects provide for relief by the use of reservoirs, levees, stream clearing, and cut-offs. This work is of a type peculiarly adapted to performance by relief labor. It can be placed under way with a minimum of delay, and it is distributed over a large territory. Though it is true that the benefits from some projects are largely local, the collective effect of the work will be Nation-wide owing to its suitability as a relief measure and its wide-spread distribution.

A list of the more meritorious of these projects is ready for consideration by constituted authority as a part of the Emergency Relief program. The data on hand in the Department, which covers virtually the entire country, will enable it to report

promptly on plans for additional flood control. The execution of flood-control projects will be of tremendous value to agriculture as well as to large and small communities, and in many cases will remove actual hazards not only to property but to human life. It is reasonably certain that such projects will not involve future maintenance or expenditures by the Government, because their inherent value to local communities are such that they will undoubtedly be more than willing to assume the responsibility for future maintenance of these works.

I wish that I were able at this time to set out for your information the waterway program which may be expected under the recent work-relief appropriation. However, the administration has clearly shown in its allocation of over \$355,000,000 to these improvements, its recognition of their merit and of their importance to our national development. Already a tentative program for the coming year has been placed before the proper division of the National Emergency Council, and undoubtedly it is now receiving serious consideration by that agency.

I feel confident that an expanded program will result, and I can assure you that such a program will be prosecuted with the same careful attention to design and supervision, with the same dispatch, and with the same success as the projects already under way or completed.

From time immemorial people of all lands have used their waterways to transport all kinds of commerce. The simple necessities of life are dependent upon low-cost water transportation. In modern times these necessities rely upon up-to-date facilities on our waterways.

In America, our natural water resources are particularly abundant. We are greatly favored by nature, and this is, in itself, a compelling reason for their improvement and development. We must constantly plan for the future, and we must be abreast or ahead of the times in the execution of our plans.

Let me assure you that we have looked far ahead, and that we are ready to execute our plans as fast as there is demand for new and improved facilities, and as the authority and funds for their construction become available. Although this planning is already thorough and far reaching, we realize that eternal vigilance must be exercised to maintain step with changing conditions and in readiness to meet the unforeseen.

Let me say that the War Department has worked with you to plan and accomplish the best results for the country. Our waterborne commerce in 1929 reached a peak of 584,000,000 tons, valued at \$24,000,000,000. During the low point of the economic depression the annual tonnage dropped to 342,000,000 tons, valued at \$11,000,000,000. In 1933 our records show this tonnage to have increased to 394,000,000 tons, valued at \$12,600,000,000. All indications are that 1934 will show a further increase, and that within a few years the peak tonnage of 1929 will be greatly surpassed. We are optimistic. We believe prosperity to be definitely in sight. With its return, we expect to have actual waterway improvements ready to serve prosperity, as plans and organizations were available to fight the depression.

Moreover, we look forward to working in harmony with you as time goes on to secure greater and greater prosperity for the Nation, by reason of its waterway improvements and the ever-increasing commerce and plenty which results from such improvements.

You have accomplished much in the past. With your wider membership and your forceful and energetic leadership I foresee a bright future for you and for the accomplishment of the constructive ends to which you have dedicated yourselves.

I am grateful for the attention which you have accorded my remarks.

GRAND HAVEN LIGHTHOUSE RESERVATION, MICH.

Mr. WARREN. Mr. Speaker, by direction of the Committee on Merchant Marine and Fisheries, I call up the bill (H. R. 4239) authorizing the Secretary of Commerce to convey to the city of Grand Haven, Mich., certain portions of the Grand Haven Lighthouse Reservation, Mich., and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to convey to the city of Grand Haven, State of Michigan, for use for street purposes, certain portions of the Grand Haven Lighthouse Reservation, Mich., which are not required to be retained for lighthouse purposes. The Secretary of Commerce shall describe by metes and bounds in the deed of conveyance the exact portions of the reservation transferred. The deed of conveyance shall also contain a provision that should the city of Grand Haven, State of Michigan, cease to use the property for the purpose for which it is conveyed, title thereto shall revert to the United States.

SEC. 2. The United States reserves the rights-of-way over, underground, or across the area to be transferred for any use whatsoever in conducting the Lighthouse Service or other activities of the Government, and, further reserves the right to be furnished by the city of Grand Haven, any and all services, conveniences, and utilities at established rates, such as transportation, gas or electric lighting facilities, water connections and sewer connections, and such other utilities as may be installed in the vicinity of and accessible to the reservation.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CORN-HOG PROGRAM

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD dealing with the Federal processing tax.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave to extend my remarks I wish to confine my time to the corn-hog program, laying special emphasis on the processing tax as it affects the recovery program and builds for future security for the farm and farmers. I find that everyone who makes a study of just what the Agricultural Adjustment Act is doing for the preservation of the farmers and our farms is very enthusiastic about it. The trouble is that 99 out of every 100 who speak on or about the actual application of this act do not know the facts. A small percent of destructive critics can always be found when a new procedure is set up in any field.

Mr. Speaker, we always find the demagogues playing on the sympathy of the unfortunate. This has been especially true during the last session, when the opponents of the administration, or, in reality, the opponents of the farmer, laborer, and little business man, shed crocodile tears in telling of the pigs that were killed.

I am sorry to say that many of these same fellows who shed these crocodile tears because some pigs were killed by the Government to bring about purchasing power are the same fellows that criticize the workings of the Agricultural Adjustment Act. It is this same group of destructive critics who destroyed the banks and credit of the Nation and put us on the rocks in 1929. Now, when they see we are going to come out of the depression and give back to the farmers, laborer, and little business man another hold they again cry.

Therefore, I wish to tell you just how the Agricultural Adjustment Act has worked to the advantage of all concerned since it was put into operation.

I wish to make a few remarks in my time today concerning the character and results of the agricultural-adjustment programs pertaining to livestock and feed grains. In recent weeks we have heard a great deal of loose talk about the effects of these programs. We have heard the Adjustment Administration charged with wanton destruction of food and with extreme disregard of the public interest. We have heard the Adjustment Administration blamed for the current shortage of feed and the temporary over-reduction in hogs, which really was caused by the drought. The recent rise in retail prices of meats has been hailed as extraordinarily exorbitant, and, of course, the administration has come in for a large share of blame. It has been said that the farm-adjustment program not only has robbed the poor and the needy of necessary food, but that it has destroyed the farmers' foreign market for livestock products, and has resulted in flooding the country with imports of both meats and grains.

Now what are the facts? Unlike some commentators who pose as authorities on this subject of agricultural adjustment, I have taken the trouble to find out a little bit about what actually has been going on. I find, as I suspected, that much of what is being said publicly about the livestock- and crop-control programs is not based on fact. As a consequence, there is misunderstanding and ignorance of considerable extent on the part of the public regarding the adjustment activities. It seems appropriate, therefore, to discuss the present livestock and feed-grain situation in full view of the facts and in recognition of the popular misunderstandings.

Thus far in the livestock and feed-grain field there have been adjustments only in corn acreage and in the numbers of hogs, cattle, and sheep. The effort to control corn and hog production under the Agricultural Adjustment Act has followed along two lines: First, removal of surpluses on hand

at the outset through emergency purchases of pigs, sows, and market hogs, and of hog products, all for relief distribution; second, the sign-up of over a million farmers to hold corn acreage and hog farrowings thereafter at more moderate levels. The adjustment in cattle and sheep numbers was made through the Government's drought-relief buying program during the summer and fall of 1934.

There are several things about these programs that I wish to emphasize:

First. All of them have been largely based on recommendations of farmers themselves, not foisted on farmers as so often claimed.

Second. The products of the several emergency slaughter activities actually were used, either for edible or inedible purposes and not utterly wasted as so often charged.

Third. The amount of feed available per farm animal and the volume of livestock available for slaughter during the current season is larger, not smaller, than if no adjustment program had been in effect.

Fourth. The sharp reduction in production, part of which occurred as a result of the Agricultural Adjustment programs, has not resulted in a really significant increase in imports of livestock and feed grains.

Fifth. While meat supplies during the current year will be shorter than for some time, they will be ample and should begin to increase following the next harvest of feed grains.

Sixth. There are good and sufficient reasons for undertaking control of livestock and feed-grain production.

When the Agricultural Adjustment Act was passed in May 1933 the corn-hog situation was extremely acute. The average farm price of hogs in the United States was only around \$3 per hundredweight, as compared with the farm price of nearly \$12 per hundredweight for the same period in 1926 and an average of \$7.22 per hundredweight for the 1910-14 period. The United States average farm price for corn in early 1933 was only about 25 cents per bushel, as compared with approximately 70 cents for the same period in 1926 and an average of 64.2 cents per bushel in the 1910-14 period. In my own State of Pennsylvania hogs at the farm in the spring of 1933 were bringing only about \$4 per hundredweight. In the North Central States, where the bulk of the commercial supply of corn and hogs is grown, farm prices of hogs averaged considerably less.

At the same time farmers were paying for commodities bought at an average price even higher than they had paid in the pre-war period. Obviously immediate action to raise corn and hog prices was essential. Both corn and hogs had less than one-half of their pre-war purchasing power. In fact, for a part of the time in the winter of 1932-33 corn had scarcely more than one-fifth of its pre-war purchasing power. It was so cheap that farmers in the Corn Belt actually used it for fuel.

This severe disparity between corn-hog prices and the prices farmers pay, as has often been explained, was due primarily to excess production. Restoration of hog production in European countries after the war to a point well above their pre-war output and the sharp increase of trade barriers after 1929 caused such a decline in our exports of pork and lard that a heavier and heavier load was thrown on the domestic market. Our exports of pork and lard dropped from an average of around 2,000,000,000 pounds in the early post-war years to slightly more than 700,000,000 pounds in 1932. Where the American farmer averaged 20 foreign customers for pork in the 1926-29 period, he had only 8 left in 1932; and where he had 40 foreign customers for lard during the same predepression period, there were less than 30 in 1932.

Unhappily, there was no proportionate adjustment in hog production as our export trade fell off. Instead, hog production in the United States continued to increase at about the same rate as the country's population. Lower prices were inevitable. When the supply of a commodity tends to increase in the face of declining demand, the value must fall.

Of course, the level of hog prices would have fallen to some extent during the depression in company with the drop in all prices. But the excess of hog products in the domestic

market resulting from the slump in foreign trade caused hog prices to fall more than the prices of other products.

Mr. Speaker, it has been rather difficult for the American people to comprehend the corn-hog surplus because the excess of hogs, unlike the excesses of some other commodities such as cotton, did not pile up in warehouses. Pork is a relatively perishable product, and has to be kept moving through to consumers as rapidly as possible for whatever it will bring. Even products adaptable to storage are seldom held through a second season. Thus, the surplus in hog production was almost entirely reflected in the disparity between hog prices and the prices of things farmers buy.

Now, as I have said, the hog situation in the late spring and early summer of 1933 warranted immediate action. The number of hogs already farrowed and fattening was large. Moreover, the 1933 spring pig crop was 4 percent larger than the spring crop of the year before, and according to the Government survey on June 1, a substantial increase was expected in the number of sows to farrow in the fall. Yet, demand for hog products, particularly in the foreign markets, had not improved. Storage stocks of pork and lard were abnormally large. It seemed certain that without an emergency adjustment of some sort, hog prices during the winter of 1933-34 would be very low, possibly even lower than during the winter of 1932-33.

On July 18, 1933, these State groups gathered at Des Moines, Iowa, and organized the National Corn-Hog Producers Committee of 25. This national committee was delegated by the conference of producer representatives to advise directly with the Secretary of Agriculture and the Agricultural Adjustment Administration on means of effectuating the necessary adjustment of hog numbers.

The first action of the national committee in the summer of 1933 was to review in conference with Agricultural Adjustment Administration officials the serious economic outlook for hogs. Then, at a public hearing early in August, they outlined a pig- and sow-buying program and urged its immediate adoption by the administration as an emergency adjustment measure. I repeat, it was the representatives of the producers who urged the pig- and sow-buying program.

Mr. Speaker, I quote in part from this committee's recommendation as follows:

We find very definite and substantial increases in the production of hogs, both as to number and tonnage, taking place while at the same time a substantial decrease in normal outlets, both in the export and domestic markets, obtain. If such a condition is to be met, it must necessarily call for what ordinarily might be termed "drastic measures."

To meet this situation, we recommend the removal from the domestic market of 500,000,000 pounds of pork and pork products between now and January 1, 1934, and a total of 2,000,000,000 pounds during the coming marketing year by any one or a combination of the following methods: (a) Encouraging the marketing of 4,000,000 pigs from 25 to 100 pounds average weight between August 15 and October 1; and (b) inducing the immediate marketing of 1,000,000 sows about 275 pounds in weight, soon to farrow, by offering a premium of \$4 per head plus the removal of the usual dockage.

It is proposed to dispose of the resulting meat and meat products from the best of these animals by the sale on a moderate basis to relief agencies under definite agreements that their normal purchases of meat will be reduced. The balance of the lower grades of meat resulting from this type of marketing should be condemned, tanked, and such salvage realized therefrom as would be possible without serious inconvenience or injury to the usual demand for this type of product.

That completes the quotation from a part of the recommendation for an emergency pig and sow marketing program made to the Secretary of Agriculture by the corn-hog committee of 25.

The buying of pigs and sows at market premiums began as scheduled on August 23, 1933, and continued for a little more than 5 weeks thereafter. I call your attention to the fact that this emergency program, commonly known as the little-pig program, terminated in the fall of 1933 and has not been in effect since that time, as many people seem to believe. The purchases were made by authorized meat packers in 80 processing points over the country, and finally totaled 6,200,000 pigs and about 220,000 sows due to farrow. The sale of sows lagged beyond the original ob-

jective of 1,000,000 head, but the sale of pigs was increased to nearly 50 percent over the original objective on account of drought conditions in the Dakotas and nearby territory.

The heavy pigs—that is, those weighing between 80 and 100 pounds—together with the sows, were converted into dry salt pork for distribution to needy families. Altogether, about 100,000,000 pounds of pork were produced. It was distributed by the Federal Emergency Relief Administration throughout the United States and in several insular possessions.

The light pigs were unsuitable for economical processing into meat on account of their smallness, and therefore were converted into grease and fertilizer tankage. A little over 5,000 tons of tankage and 10,000 tons of grease were produced and stored. These products were sold to highest bidders late in the fall of 1933 for a little more than \$600,000.

When a shortage of storage space developed during the buying program some of the tank residue remaining after the rendering of grease from the pig carcasses had to be disposed of immediately instead of being manufactured into fertilizer tankage and stored. Depending upon their own situations, the processors, under contract, used various methods of disposal. In some cases the tank residue was given free to farmers. In other cases it was hauled away and dumped in places where such dumping was permissible, or otherwise disposed of.

Mr. Speaker, it was this dumping of a part of the low-value tank residue which gave rise to many fantastic and wholly false stories. Critics of the adjustment program, overlooking the real purpose of the emergency slaughter, played upon the sympathy of people for young animals, quite forgetting that the pigs were destined to die sooner or later from a thrust of the butcher's knife. These critics accused the administration of wholesale destruction of food, disregarding the fact that a large part of the slaughter produced dry salt pork for needy families, while the rest was largely utilized for inedible purposes. They ignored the fact that pork supplies following the emergency slaughter would be entirely ample for the usual needs, while prices to farmers would be stronger. It was stated that live pigs and sows with unborn pigs in them were mercilessly tossed into rivers or incinerators. Actually, every pig and sow was required to be processed either for edible or inedible uses, according to specifications of the Government. The processing operations were subject to both antemortem and post-mortem inspection by inspectors of the United States Department of Agriculture. From the standpoint of public interest, there is quite a difference between the actual nature of the emergency program and the groundless allegations of wanton destruction made by the critics.

The pig- and sow-buying program obviously was a makeshift device, but it fulfilled its purpose by maintaining hog prices a year ago this winter at a substantially higher level than otherwise would have been the case. Its net benefit to the hog market considerably exceeded its net cost of around \$30,000,000. In addition to providing meat for poor families the emergency program served as timely drought relief for farmers in the Dakotas and adjoining territory who were forced to sell their hogs on account of feed shortage. It also permitted for the country as a whole the savings of sixty to seventy million bushels of corn that otherwise would have been fed. These savings eventually helped materially in relieving the general drought situation in the summer and fall of 1934.

During the latter part of 1933 and the fore part of 1934 the little-pig program was supplemented by additional purchases for relief distribution of about 1,400,000 market hogs, and of approximately 92,000,000 pounds of hog products, the equivalent of about 600,000 market hogs. These supplemental operations, by reducing the volume of hog products available through regular trade channels, tended further to support hog prices during weeks when marketings were heavy. They were conducted principally during January and February 1934 and were discontinued in May. The supple-

mental purchase operations, like the little-pig program, continued to influence hog prices to some extent until the late summer of 1934.

The first really fundamental plan for raising corn and hog prices under the Agricultural Adjustment Act, however, was the 1934 corn-hog adjustment contract brought out late in the fall of 1933. This program provided control of the number of producing units; that is, the acreage in corn and the number of sows farrowing, whereas the buying program only made emergency adjustment of excessive hogs and hog products already in existence.

As was the case in the little-pig program, the 1934 adjustment contract was largely based on the recommendations of producer representatives. It was decided to call for reductions by the individual contract signer of not less than 20 percent of the average corn acreage for the preceding 2 years, 1932-33, and of 25 percent in the number of hogs produced for market from litters farrowed during the same period. Reductions in both corn and hogs were asked under a single contract in recognition of the close relationship between the production of the two commodities and because serious business administrative difficulties would have been involved in handling separate contracts for corn and hogs.

The extent of the producers' participation in the 1934 contract sign-up was extensive. In the Middle West, where the bulk of the corn and hogs are grown, more than 80 percent of the annual average production was brought under contract. For the country as a whole the control was extended to about 60 percent of the corn production and between 70 and 75 percent of the hog production. The grand total of the contracts represented about 1,155,000 farms scattered over the 48 States. As a matter of fact, the corn-hog program is the largest of all control programs under the Agricultural Adjustment Act. It covers more territory and involves the largest number of farmers.

Mr. Speaker, participation of farmers in the 1934 corn-hog program was entirely voluntary. If a farmer did not want to come in, he did not have to. He could simply forfeit the benefit payments for which he was eligible and elect to run his business on any production level that he might choose. Corn-hog farmers have that same alternative under the new program for 1935 now being put into effect. But this year, as last year, the large majority of corn-hog producers here recognized the wisdom of controlled production and again have signed up about a million contracts.

A noteworthy feature of the corn-hog program is the organization of county control associations, through which farmers themselves carry out the program details. A farmer becomes a member of the association by signing the corn-hog contract, and he has a vote in election of community committeemen who compose the association's board of directors. There are approximately 2,185 county corn-hog control associations throughout the United States today. It is estimated that there are about 20,000 community committees and about 75,000 community committeemen. These committeemen receive some compensation for services rendered, but the total amount of expenses has been moderate. The budget for committee work and equipment within each county is determined by the board of directors for its own control association.

The group consciousness being developed among farmers in these control associations may well be worth much more in the long run than all current financial results in dollars and cents. In spite of the fact that it is one of the largest branches of all agriculture, the corn-hog industry has until this year always lacked in unity of interest.

Now, what has been the result of the 1934 corn-hog program? The proof of the pudding, they say, is in the eating. First, let us take a look at the effects of production; then we may check on changes in prices and total income.

Hog numbers were very sharply reduced in 1934. The surpluses were completely eliminated. The number of hogs on farms dropped from a little over 57,000,000 head to about 37,000,000 head during the year; that is, by a little over 20,000,000 head. The fact is we had something of an over-reduction in hogs. The expected slaughter of hogs for 1935,

most of which will be derived from 1934 litters, is not expected to exceed 30,000,000 head as compared with the normal inspected slaughter volume of around 47,500,000 head.

Not all of this decrease, however, was due to the corn-hog program. The temporary overreduction can be attributed to the drought. The aggregate hog adjustment represented by the 1934 contract was approximately 13,000,000 head; the remaining seven-million-odd head in the total hog reduction occurring during 1934 was largely due to the feed shortage occasioned by the drought in some sections in 1933, and by the general drought in 1934.

It is often charged that if the corn-hog program had not been in effect our production of pork and lard this year would have been larger than it is. Well, as Secretary Wallace has pointed out several times, it simply is not so. I know it is hard to believe, but we actually have more feed for animals and more meat for humans as a result of the 1934 adjustment programs than we would have had under uncontrolled conditions, for certain reasons:

First. The little-pig program helped make an adjustment in advance of the drought which resulted in from sixty to seventy million bushels of corn being carried forward to the 1934 feeding season. If the pigs had been fed out, they would have gone to market as finished hogs in the winter of 1933-34, they would have demoralized the hog-price situation, and they would not have augmented in any way the present supply of pork. The products resulting from the slaughter of the pigs as finished hogs would have been consumed long before this time.

Second. A supplement to the little-pig program in this advance adjustment was the Government's corn-loan program which resulted in the selling of 270,000,000 bushels of corn, thus encouraging more conservative feeding in the winter of 1933-34 and increasing the supply available for summer and fall of 1934 when it was greatly needed.

Third. The adjustment in 1934 farrowings under the contract helped effectuate a further material reduction in hog numbers in advance of the drought. Again the result was more available feed during the 1934-35 feeding season than otherwise would have been the case.

Meanwhile, during the summer of 1934, all of the various adjustment contracts were liberalized by the administration to permit the production of emergency feed crops. This resulted in the planting of emergency crops or the utilization of crops already planted for soil-building or erosion-preventing purposes on approximately thirty-six and one-half million contracted acres in the cotton-, wheat-, corn-, and tobacco-producing regions. This emergency production more than offset the amount of corn that might have been raised on the land taken out of corn by the adjustment program.

If the entire 13,000,000 acres set aside under the 1934 corn-hog contract had been in corn under last year's conditions, they would have produced less than 200,000,000 bushels. The average yield of corn in the United States in 1934 was 15.8 bushels per acre as compared with a normal average of about 26 bushels per acre. The drop in acre yield was particularly sharp in the western Corn Belt where many of the contracted acres were located. The total area planted to corn in the United States in 1934—that is, about 92½ million acres—produced under the severe drought conditions about 1,380,000,000 bushels. Had normal weather prevailed this adjusted planted acreage would have produced about 2,250,000,000 bushels of corn; that is, nearly 1,000,000,000 additional bushels. This volume would have been entirely ample for reserve storage and for 1934-35 requirements in view of the adjustment being asked simultaneously in hog farrowings.

This is not to suggest that the experience in 1934 has proved acreage control is ineffectual. A substantial change in acreage is a minor factor in the change of total production during a drought year, but, in event of normal weather, acreage control very effectively prevents surplus production, and would have done so under usual conditions during the past year.

Mr. Speaker, if there had not been advance adjustments in farrowings, we would have had a surplus situation in hogs similar to the one that developed in the cattle industry.

Another emergency-buying program would have been necessary. Thousands of farmers could not have maintained as many breeding animals as they now have on hand. Much valuable feed would have been virtually wasted producing pigs that could not possibly be fed out on account of feed shortage. Even with the advance adjustment in farrowings under the 1934 program, the liquidation of pigs last summer was rather severe in certain localities.

In the case of cattle, as you will recall, drought-relief buying did become absolutely necessary. At the time the drought struck, cattle numbers were the largest in many years. Moreover, they were in poor condition; good pasture was scarce and feed supplies were low on account of the short crop the season before. There was a particularly large accumulation of cows and heifers on farms and ranches. Market receipts of cattle for slaughter also were increasing. Naturally cattle prices were very low. Even before drought conditions developed, representatives of the cattle producers were considering plans for effecting an adjustment in numbers.

When drought conditions grew so serious as to demand immediate action, Congress enacted the Jones-Connally amendment to the Agricultural Adjustment Act, under which the sum of \$150,000,000 became available for cattle purchases. Some money also was made available for emergency purchases from the Emergency Appropriation Act.

Actual buying operations were begun early in June 1934 and were continued until along in early 1935. Initial purchases were largely confined to areas in Minnesota, North Dakota, South Dakota, and Wisconsin. With the rapid spread of the drought, however, and with the designation of additional drought areas, purchase operations were gradually extended until they were under way in 24 States of the West and Middle West. At the close of the buying on February 1, 1935, the Government had bought 8,296,398 head at a total cost of \$111,778,192. The average price paid per animal was about \$13.48.

Between 80 and 85 percent of the animals bought—that is, about 6,811,813 head—were fit for food, and the meat from them was canned for relief distribution. Approximately 1,476,500 head, however, were in such bad shape as a result of feed and water shortage that they were condemned as unfit for shipment and were destroyed on the farms. Accredited agents in the field appraised the animals offered for sale, and field representatives of the Federal Surplus Relief Corporation accepted delivery and made shipments of the cattle for slaughter under State projects and Federal contracts. State directors in charge of cattle purchases were instructed to give priority to the areas in most distressed conditions, but not to extend purchases from individual producers beyond the number absolutely necessary. In recognition of the necessity for maintaining breeding stock in important breeding areas, much effort was made to keep liquidation at the lowest possible level consistent with the short feed situation.

The cattle-buying program, like the little-pig program, came in for a good deal of unfounded criticism. It was said that the carcasses of thousands of animals were unnecessarily wasted. As I have pointed out, only those animals too emaciated for shipment and slaughter were destroyed. The bulk of the purchases were converted into canned beef, all of which is being distributed through relief agencies. Thus the cattle slaughtered were utilized in noncommercial channels and were kept out of the glutted markets. As a result, prices for commercial cattle during the summer and fall months were much higher than they otherwise would have been. Excepting for the Government's purchase program, the relatively large volume of cattle moving from the drought-stricken areas undoubtedly would have driven prices below the point at which these prices could offset freight and other marketing costs.

I have said that sheep numbers also were adjusted under the Government's 1934 drought-relief program. The buying of sheep got under way early in September. As in the case of cattle, these purchases were confined to emergency

drought counties. About 2,000,000 animals were bought for the account of the Government, and of these about 60 percent had to be condemned as unfit for use.

A consequence of wide general interest, resulting from the material change in supplies of livestock as a result of the drought and adjustment programs, has been the advance in livestock and meat prices. Likewise corn prices have increased materially since early 1934.

The average farm price of hogs during the first 3 months of this year was about \$7.35 per hundredweight, or more than double the price received during the first 3 months of last year. To put it another way, hog prices during the first quarter of this year averaged within 80 percent of the fair exchange value based on pre-war price relationships, whereas they averaged but slightly more than 40 percent of this value before adjustment in supplies got under way.

Lamb prices have not advanced as much as hog prices, because sheep numbers, even with the drought liquidation, still are above the 1929 level and also above the average of the past 10 years. During the first quarter of 1935 lambs at the farm sold for an average of about \$6.50 per hundredweight as compared with an average of about \$6.28 per hundredweight for the same period a year ago.

Mr. Speaker, cattle prices, on the other hand, have increased materially. They clearly show the effects of adjustment. The average price for beef cattle at the farm during the first quarter of 1935 was \$5.85 per hundredweight as compared with an average of \$3.60 per hundredweight during the same quarter in 1934, an advance of 60 percent.

I doubt if the average person realizes the marked improvement that has taken place in livestock prices since a year ago. My own State of Pennsylvania does not produce a large number of hogs, but nevertheless, it has been benefiting substantially from the rise. The average farm price of hogs in Pennsylvania during the first 3 months of this year was \$7.85 per hundredweight, or nearly 70 percent higher than last year. This price rise is of particular significance to hog farmers in the eastern part of the country where herds were not as severely affected by the drought as herds in the Western States.

Of course, meat prices during recent months have advanced to some extent as a consequence of smaller livestock supplies, but they are not abnormally out of line by comparison with prices of other things. From 1929 to 1933 meat prices declined about 65 percent, while the average price of all foods was declining about 35 percent, and the average price of non-agricultural products was declining only about 16 percent. During the first 3 months of 1935 livestock prices were about 75 percent higher than for the year 1933, but were 32 percent lower than in 1929. At the same time prices of nonagricultural products during the first 3 months of 1935 were within 16 percent of their 1929 level, and the wages of industrial workers were within about 20 percent of 1929.

The real criterion of the value of the adjustment program to farmers, however, is its influence on total income. Farmers need not only a higher price but a larger total return. As I have already pointed out, the purchasing power of corn and hogs was extremely low at the beginning of 1933, lower than that of almost all other farm commodities.

I find upon investigation that the farm income from hogs in the United States during 1934 was about \$144,000,000 larger, or about 28 percent greater, than in 1933, and approximately \$214,000,000 larger, or about 50 percent greater, than in 1932. It is estimated by the Department of Agriculture that farmers last year received a total of \$493,925,000 from the sale of hogs, and a total of \$159,154,000 in corn-hog payments, making a grand total of \$653,079,000 for the year.

Prices of things farmers buy also have shown some advance during the past 2 years, but not to the same extent as hog prices and income. The 1934 index of prices paid by farmers was 123 percent of the prewar—1910-14—level, as compared with an index of 109 for 1933 and 107 for 1932. If we make an allowance for this rise in the prices of things farmers buy, we still find a substantial net increase in 1934 hog income.

The increase in livestock income resulting from the adjustment of production is in accordance with past experience.

The income from corn and hogs under the adjustment program comes to the farmers in two parts: First, in direct return from the sale of the commodity at the open market price, and, second, in the benefit payments derived from processing taxes on corn and hogs. The larger part of the tax collections are derived from hogs, since hogs consume nearly one-half of the annual corn crop. Only a small part of the remaining portion of the corn crop enters into industrial trade channels where it can be reached by the processing levy.

At the close of 1934 the Bureau of Internal Revenue reported a total receipt of \$175,616,013.35 in processing and related taxes collected on hogs and \$8,182,113.63 in processing and related taxes collected on corn. These collections, however, did not represent all of the money due as of the period beginning with the date the corn and hog taxes became effective—November 5, 1933—and closing December 31, 1934. Assessment of the processors for any given month are not made until the month following, and in some cases payments may be extended under the law for as long as 180 days.

The emergency purchases of hogs and hog products for relief distribution, and the 1934 and 1935 corn and hog adjustment payments will require a continuation of the corn-hog processing taxes through three marketing years ending November 4, 1936. The current rates are \$2.25 per hundredweight on hogs and 5 cents per bushel on corn. It is expected that the collections during the first 2 years will be required to meet the cost of the emergency purchases and to supply funds for payments under the 1934 contract.

Benefits under the 1934 program, part of which were paid in 1934 and part of which are now being paid this year, will amount in total to about \$314,000,000. Most of this amount has now been sent out to the farmers. The disbursement total on April 27 was nearly \$280,000,000. Benefits under the 1935 program, now being put into effect, probably will amount to around \$165,000,000.

The benefit payments made to cooperating producers are not gifts from the Federal Government; they are not awarded to farmers for not having grown hogs and corn, and they are not damage payments for losses in any past period. They are intended as simply the cooperating producers' share of the larger total farm income that is possible through sound control of production. Without the processing-tax benefit payment principle the men who did the most adjusting of production would see all the benefits go to the men who had an unchanged or, perhaps, a larger volume for sale.

Under the Agricultural Adjustment Act a fair share of the increase in price and income resulting from adjustment is saved for the cooperating farmer by means of a processing tax and is distributed to him in the form of benefit payments. At the same time the noncooperating farmer gets some advantage from the market rise in the open-market price. For example, many farmers in my own State did not elect to participate in the corn-hog program but they have been materially benefited by the doubling of hog prices during the past year.

Mr. Speaker, a lot of wild stories have been circulated about benefit payments. The statement is frequently made that many persons are receiving corn-hog checks who never produced hogs or corn. This charge is false. Under the agricultural-adjustment program no person can receive a benefit payment check without first signing a contract to adjust his production, and, excepting in the case of new producers, he is not eligible to sign a contract unless he has a production record for the historical base period.

In scattered cases, payments were made under the 1934 program to contract signers who, for one reason or another, partially or completely retired from hog production during the year. These individuals, nevertheless, had an acceptable hog-production record for the base period. In the present year's contract, however, such scattered cases will be eliminated. Contracting producers will not be considered bona

fide corn-hog farmers and therefore are not eligible for benefit payments unless they produce in 1935 an established minimum percentage of their average base production.

Mr. Speaker, a final misunderstanding I want to deal with here is that concerning imports of agricultural products into this country. During the past winter there has been some pick-up in our farm imports, particularly of feed grains. This has led to all sorts of wild stories about the country being deluged with foreign products as a result of the agricultural-adjustment program. Again I find that most of these statements are not based on fact.

The great reduction of agricultural output in this country last year as a result of the drought naturally created something of a vacuum into which imports might flow, but the total imports of feed grains to date are still very small in relation to production and consumption of these grains and in relation to the losses caused by the drought. Imports of all grains during the 8-month period ending with February this year were about six-tenths of 1 percent of this country's average production of grains and less than 2 percent of the loss to grain crops directly attributable to the drought. According to the Bureau of Agricultural Economics the total imports of all competitive agricultural products, including grains, during this 8-month period, were 25 percent less than the average imports for the same period during the 10 years—1924 to 1934.

Imports of oats, barley, and rye—crops which were not affected by the adjustment program—were relatively greater than imports of wheat and corn. Imports of meats during recent months have shown no increase over the average imports of recent years. We must keep our proportions straight on this matter of imports. A shipload of 250,000 bushels of corn sounds big, but actually it is less than one one-hundred thousandth of the normal corn crop of the United States. One good middle western county raises more corn in a normal year than has been imported into this country during the past winter.

Mr. Speaker, even though the United States is temporarily on an import basis in the case of grains because of the drought, it is still on an export basis for its major agricultural products. During 1934 approximately \$650,000,000 worth of cotton, tobacco, meat products, grains and preparations, and fruits were exported as compared with imports of \$24,000,000 worth of bananas.

When we really look at the facts we find that the corn-hog industry and the other livestock and feed-grain industries have been materially benefited by the governmental activities. But to see this it certainly is necessary to look beyond all of the misstatements and tales of alarm. We are short on livestock and feed supplies now on account of the drought, but with the return of anything like normal weather we can soon get back to a more satisfactory level of production. Under the corn-hog program the farmers this year will plant an acreage sufficient, with anything like normal weather, to produce an adequate supply of corn for all purposes, including enough for reserve storage. In addition, they have unlimited use of their land not used for corn production.

The really big job for livestock producers now is to prevent the usual post-drought upswing from going beyond desirable limits. In the case of hogs, a sharp increase in production is likely to get under way by next spring unless control is continued in some form. Likewise, if feed production this year is approximately normal, and unless there is some organized attempt to head it off, a new upswing in cattle production also may be expected to get under way by 1936 or 1937.

If feed grain and livestock production should react to current high prices and the drought aftermath by increasing sharply, we would be off on another of the painful production cycles; first, the upswing until prices hit bottom, then the distressed liquidation until prices recover again. These cycles have been major hazards to the livestock industry for many years. Over an extended period the cycle does

keep a working relationship between supply and demand, but it is a cruel and wasteful method.

In the light of results from programs thus far, it would seem wisdom on the part of livestock and feed-grain producers to continue production control in some form under the Agricultural Adjustment Act. And it would seem wisdom on the part of the Congress to elaborate and strengthen the act wherever necessary in order that it may better serve this purpose.

PARLIAMENTARY INQUIRY

Mr. BLANTON. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. BLANTON. The Speaker of the House of Representatives is the Chairman of the House Office Building Commission in charge of the House Office Building and which controls these office buildings.

I would like to ask the Speaker if there are any means that a Member has, under the regulations prescribed by the Commission governing these buildings, to prevent a Washington newspaper from installing a snooper at his office to interrogate and harass every person that goes in or comes out of a Member's office in that Government building?

The SPEAKER. The Commission is composed of 3 Members and the Speaker is only 1 of the 3. I would be pleased if the gentleman would take the matter up with the Commission as a whole. We will be very pleased to give the gentleman a hearing and discuss the matter with him.

Mr. BLANTON. The Washington Herald has had a snooper at my office in the House Office Building and people who come there to see me on important official business, which as a Member of Congress I am elected to look after, are stopped, insulted, and interrogated as soon as they come into the hall out of my office as to what occurred between us, and what they went there to see me about. And this lying newspaper every morning has a false statement about some purported interview that never occurred, when every word of it is an infamous lie. I am getting tired of it.

I intend to protect my friends and constituents who come to my office on important business, against this unwarranted and meddlesome interference and harassment, and I intend to protect myself against the continued libels Hearst's Herald and Times, and the Washington Post continue to maliciously publish about me.

I can protect myself in the courts against these continued libels, and I intend to do it by filing suits just as soon as this Congress adjourns, and we can get public business out of the way, and I can finish all of my official duties here.

But I will not file these suits in Washington. I will file them in another jurisdiction, where the Herald, Times, and Post are circulated, and where under proper venue I can force them to respond and answer, because these papers have deliberately and wrongfully poisoned the minds of Washington people against me, until it would be an easy matter for them to get some juror here to hang the jury for them. But where I shall file them, there will be a fair trial and a verdict of an unbiased jury.

Hearst's papers told one lie in his publications on our good colleague from New York, and in the courts he made Hearst pay \$5,000 for telling that lie. If a jury were to make Hearst and Eugene Meyer pay me \$5,000 for every lie the Herald, Times, and Post have told on me, neither of them would have any money left, for these papers have told lies on me ever since I have been here. I want you colleagues to remember that everything you see in the Herald or Times or Post about me is a lie. They just will not tell the truth. Every purported interview you see in any of these three papers I want you to mark as a lie before you read it. I do not let them come to my office and do not let them interview me, and if they publish an interview, saying I am going to do this or that, you can put it down as an infamous, dirty lie. [Applause.]

TAKE THE PROFITS OUT OF WAR

Mr. LEE of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include

therein an address which I made to the National Parent-Teachers Congress at Miami, Fla., on war profits.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. LEE of Oklahoma. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address by myself at Miami, Fla., April 29, 1935:

Parents and teachers, you should be deeply interested in protecting the investment you have and are making in the youth of the Nation.

CHILDREN REPRESENT GREATEST INVESTMENT

A baby boy is born in a home. The parents guard his life with their own. They nurse him through all the childhood ailments at great sacrifice to themselves. They shield him from danger. They keep the long vigils over his sickbed. They guide his footsteps as he learns to walk. They give of themselves freely. They make in him their greatest investment.

Then he starts to school. The teacher also begins to make an investment in him. Patiently, painstakingly she trains him for citizenship. She trains him to take his place in society. He is promoted from time to time. Many teachers contribute to his education. He is preparing to be a professional man. He spends many hours in library and laboratory.

His parents all the time continue to sacrifice that he might have every opportunity. Finally he graduates from college. Teachers and parents have in him their greatest investment. He represents their contribution to the world.

From another home has come a beautiful girl representing likewise the years of love, patience, and sacrifice of parents and teachers. The two young people love each other and plan to marry.

Then suddenly the peaceful life of the Nation is shattered by the thunder of cannons; and on the battlefield the young man is sacrificed to Moloch, the god of war.

Thus, the greatest contribution it is possible for parents and teachers to make is destroyed in the twinkling of an eye. The hopes, the dreams, the prayers of a lifetime are blasted in a day.

Therefore, parents and teachers, you have a decided incentive to protect the investments that you are now making in our children against loss by war.

PRISONER FEELS GUARD

It was 2 o'clock in the morning. The rain was running off my steel helmet in sheets. I had my rifle under my armpit to keep it dry. I was on guard around a German stockade. We had 437 German prisoners.

The armistice had been signed about a week, but we were required to guard our prisoners just the same.

I was cold, I was tired, I was homesick and hungry. I saw a light over in the German stockade, inside of the barracks which they used for a kitchen, and I knew that Frank, the German Pollack cook was doing his cooking for the next day. I threw a gravel over against the barracks and soon a flood of light shot out from the door as Frank poked out his square German head. I said to him in the best German that I could command, which wasn't very good, "Frank, given mer das brote und das kaffee."

Frank said, "Yah."

Pretty soon he returned with a canteen cup full of steaming hot coffee and a piece of German coffee cake. The coffee had cream and sugar in it, two delicacies we did not often have, but he had taken some from the amount allotted to him for cooking, and put it in my coffee.

The lightning flashed as he handed the coffee and coffee cake through the fence, and I saw his face, and there was no cynical grin of hatred there, but, rather, a smile of friendliness, and if he saw my face I know he saw friendliness there.

Frank did not hate me. He loved me. I did not hate him. I loved him, and yet if I had met him on the battlefield at that hour of the night 1 week before, I would have killed him or he would have killed me.

That is what war means. It means bringing men together, who otherwise would love each other, to kill each other.

War never proves which is wrong. It only proves which is strong.

If it is a question of medicine, ask a doctor. If it is a question of law, ask a lawyer. Then, if it is a question of war, ask the warrior. The ex-service men oppose war because they know the futility of it, but that does not mean that we would not serve our country again if our services were needed. We would.

It simply means that we are speaking now, while our country is at peace, protesting against conditions that lead to war and attempting to remove every war incentive.

PEACE PLANS THAT DO NOT GO FAR ENOUGH

Allow me to name some of the means of securing peace that have been relied upon in the past, and then suggest that these do not go far enough.

First, there are treaties, pacts, and agreements between nations. These are good as friendly gestures and are to be encouraged, but war will never be abolished by proclamation.

Then, again, there is the plan of educating for peace. This is a good idea and is to be continued by all means, but it is too slow. It takes generations before advancement can be made by the slow process of education. In the meantime we might have another world war that would annihilate civilization.

Further, there is the plan of disarmament. This, too, should be encouraged; but if one nation should get too far out in front on a disarmament program, that nation's weakness might invite attack. There is no use to deceive ourselves—the world has not yet come to the philosophy of peace on earth for the sake of brotherly love.

WEAKNESS INVITES ATTACK

When the Boston police struck, were the thugs of that city so honorable that they refused to plunder just because the people were unprotected? No; they plundered all the more. Algiers was unable to protect her boundaries, and Mussolini marched in. Manchuria's helplessness was too great a temptation for Japan to resist, so Japan marched in. Therefore, we cannot depend upon disarmament.

I do believe, however, that we can greatly promote peace if we are willing to pay the price; and the price of peace is to give up some of the profits that result from war and the preparation of war.

FOUR-POINT PLAN

I therefore wish to propose some definite steps which if taken would greatly further the cause of world peace.

First. The United States should control the preparation for war by requiring munition makers to operate under a Federal license system.

Second. The United States should make permanent its present nonintervention policy that refuses to send a military arm of the Government into a foreign country to protect private investments.

Third. The United States should equalize, as far as possible, the burdens of war by a universal draft law that will conscript money and materials as well as men.

Fourth. The United States should enact tax laws that will recover for the Government 100 percent of all war profits.

FIRST STEP, CONTROL MUNITION MAKERS BY LICENSE SYSTEM

I wish to take these up in order. First, is Government control of the preparations for war, and in order to effect this, it is necessary to place the manufacturers of munitions under a licensing system that will give the Government complete control of their policies and activities.

EMBARGO ON ARMS

By this means the Government could make effective an embargo on arms. The United States is not in a consistent position when we tell the rest of the world that we are a peace-loving nation at the same time that we are furnishing cannons, hand grenades, and machine guns for warring nations.

If I walk down the street and see two little boys quarreling, and give one of them a club and the other a pair of knucks, and stand back and watch them destroy each other, I can say to the crowd that gathers around that I am a peace-loving man until I am black in the face, but if they know that I furnished the instruments of destruction they know that I am a liar and a hypocrite.

But you say that the United States as a nation does not furnish munitions. We only allow the private manufacturers to furnish them. That is true, but the people of other nations do not distinguish between the Du Pont Manufacturing Co. of America and the American Government. They do not distinguish between the United Steel Corporation and the United States. To them, if it is made in America, it means America.

The United States narrowly evaded a break with Mexico in 1924 because some of the revolutionists captured in Nicaragua were using guns made in the United States.

When relations were so strained between the National Chinese Government and Russia that it seemed war was inevitable, the United States diplomats were anxious to avert war if possible, so they offered to serve as peacemakers between Russia and China. But to their surprise Russia refused their services. In the same paper in which I read of Russia's refusal to have Americans serve as peacemakers I read where three more war planes were shipped from the United States to China. These were part of an order of 15 planes of the combat type, the total order amounting to \$500,000 in gold to be paid in New York City.

For years the manufacturers of munitions in the United States have furnished engines of death to warring nations all over the globe, and yet we have proclaimed to the world that we are a peace-loving nation. Our words whisper peace and our actions thunder war.

What was the final straw that broke the camel's back and plunged America into the last war? It was the sinking of the *Lusitania*, was it not? Mrs. William Jennings Bryan, wife of the Secretary of State, wrote in her diary that they were dining out on the evening that the news came of the sinking of the *Lusitania*.

"Mr. Bryan was very much disturbed at the news. He said on the way home, speaking of the *Lusitania*: 'I wonder if she had munitions on board?' 'If she did,' he said, 'that puts a different phase on the whole matter. I will have Lansing investigate that.'"

"The next day Mr. Lansing examined the clearance papers and reported that the *Lusitania* did have munitions on board."

The manufacturers were so eager for the profits on one more cargo of death that they endangered the lives of citizens who took passage on that passenger ship and plunged America into the World War.

This unbridled campaign for profits at the cost of American lives and world peace can be controlled by the Government through a licensing system.

COMPETITIVE ARMAMENT CAMPAIGNS

Then, again, the Government can prevent competitive armament campaigns which are carried on by the makers of munitions. These manufacturers employ the highest powered salesmen in the world. They sell one nation a battleship. Then they go to the nation's neighbor and through propaganda they play up in the papers and periodicals the fact that this nation has bought a battleship, and as a result of that propaganda they sell that nation's neighbor two battleships. They return to the first nation and attempt to sell that nation three battleships. The result is a vicious competitive spiral that makes war between nations and profits for the manufacturers of death.

This pernicious practice of promoting war can be controlled through a licensing system that should be in effect now, today, as a means of preventing war.

CONTROL WAR PROPAGANDA

The manufacturers of munitions have the incentive of profits that leads to campaigns of propaganda in order to bring about war. Do you remember before America entered the last war the floods of propaganda that were poured out in this country, telling us of the atrocities of the Germans?

I remember reading how the Germans were cutting off the hands of little Belgian and French children, and in my imagination I could see children holding up thousands of pitiful little stumps, begging for redress. Then I went to France. I crossed France from north to south, but I did not see one child in Belgium or France that had its hands cut off, nor did I talk to a single soldier who had seen one child maimed in this manner.

Of course, I did not talk to all of the soldiers, but it seems that if the propaganda had been even partially true that somebody would have seen some of these children. No doubt there were atrocities on both sides, for war itself is an atrocity. But such propaganda is hatched up in the minds of the makers of death, and is intended to inflame the passions of people and result in war, for profits cannot flow in the munitions business unless blood flows on the battlefield.

MUNITION MAKERS ARM OUR ENEMIES

Furthermore, by the Government controlling the manufacture of munitions, we could prevent American manufacturers from arming our potential enemies. The munition maker is not a patriot of any nation. He is an internationalist. Patriotism to him is only a sentiment on which he can play to engender war and increase his profits.

It has been brought out before the Senate investigation committee that the munition makers peddle their wares in every nation on the globe.

Today at this hour in the laboratories scientists are pouring over death-dealing devices and new war inventions. What for? For the exclusive benefit of America? To protect America from a foreign enemy? To destroy the foes of America? No; they will no sooner be perfected than they are peddled to every nation on the face of the earth by the highest-powered salesmanship known, and yet the Du Ponts said before the investigation committee that if it had not been for the Du Ponts America would today be a German colony.

They sell America steel plates for her battleships. What for? To protect them from torpedoes they have already sold to our potential enemies. They sell America gas masks for our soldiers. What for? To protect our soldiers against gas bombs they have already sold to our potential enemies. They sell America anti-aircraft guns. What for? To bring down war planes they have already sold to our potential enemies.

In the World War a contingent of English troops was trying to take a certain objective. There was one gun that was particularly deadly. It mowed down the Tommies. Many fell trying to capture it. Finally, after a great loss, the gallant Tommies captured it. They thought it a fitting tribute to take it back to England and mount it in a public park as a memorial to those who fell while capturing it. There in Bedford, England, it stands today in one of the parks. On one side of its deadly barrel are engraved the names of the men who fell while capturing it, and on the other side engraved in the steel is the name of the makers—a British company.

It takes a lot of patriotism out of a soldier to be shot by a gun that is manufactured in his own country.

When the Allies tried to capture the Dardanelles they were fired upon by guns manufactured in England and financed by a French bank.

The Senate investigating committee has exposed the deeds of the international munitions ring. It has flung open the closet door of this Bluebeard of war.

They are not patriots; they are internationalists.

All they know of patriotism is that it is a fine sentiment on which they can play to generate the war spirit and increase their profits.

Therefore our Government should, at the earliest possible hour, set up a licensing system under which they require the manufacturers of munitions to operate in order that our Government might control their policies and activities.

SECOND STEP, NONINTERVENTION POLICY

The second step that will go a long way toward preventing war is a foreign policy that will refuse to send a military arm of the Government to protect private investments in foreign countries. When a person invests in a foreign country that is a commercial venture. It is a business gamble. If he makes a profit, he takes

it all, and if he has a loss, he should stand that, because when he invested, he knew that it was a chance, and he took that chance because of the profit incentive.

In other words, it is a cold-blooded business venture and the only motive is profit.

When a man invests in a business proposition within the Nation, he does not expect the Government to guarantee him against loss. Why, then, should foreign investments be given this protection?

Of course, if an American citizen in a foreign nation is discriminated against merely because he is a citizen of the United States, then it becomes an affair of the National Government; but as long as a citizen of this Nation is accorded the same treatment that citizens of other nations are in a foreign country, there is no just cause for complaint, and certainly not for intervention.

INTERVENTION IN NICARAGUA

How many of you know why the marines were sent to Nicaragua? We were given several different answers. First, we were told that they were sent down there to protect Americans, but then we found out that not one American life was ever endangered. Then we were told they were sent down there to protect American property, and at first we thought they meant Government property, but then we found out that the United States did not have any property in Nicaragua except a canal-zone right which never was questioned.

And finally we were told they were sent down there to hold a just election. Somebody said we could use them for that purpose in some of the elections held in this country, so we laughed that off.

There was cause for occupying Nicaragua but not for intervention. The customs services at Nicaragua were not satisfactory to other nations; so rather than have other nations occupy the port, we sent the marines there to guarantee satisfactory customs service. Had our forces only occupied Nicaragua it would have been justified, but we intervened.

Why? I will tell you the facts and let you answer for yourself. Capitalists in the United States had loans and investments in Nicaragua to the amount of over \$18,000,000. If the Nicaraguan Government were overturned by revolution, those loans and investments would be no good; but if that Government were held in power at the point of American bayonets, the loans and titles to oil properties and gold mines would be protected.

Thus all of the people of the United States were asked to support a military movement to protect the investments of a very small group who had invested in Nicaragua for the purpose of making a profit. It cost the Government of the United States over \$6,000,000 to protect the \$18,000,000 of private investment. It cost the lives of 150 American soldiers and approximately 450 Nicaraguans. The life of one good American boy should be held to be of more value than the total investments in Nicaragua.

If we want peace, we should follow a foreign policy that holds blood to be more precious than gold, and peace more precious than profit.

Why, the coconut growers of South America would make more money if the monkeys did not carry off their coconuts. Why not send the marines down there to herd the monkeys away from their coconut groves? It would be the same principle, and much more humane.

We lost not only the lives of 150 Americans and 450 Nicaraguans but the good will of many of the Latin Americans, for at the same time that President Coolidge was in Habana speaking before the World Peace Conference, telling the world that we are a great peace-loving Nation, at that same time the newsboys on the streets were shouting, "Forty Nicaraguans killed in American air raid!"

Again our actions thunder war and our words whisper peace. But we may take heart, because the United States has launched a nonintervention policy, and the last marine has been called out of Nicaragua.

NO INTERVENTION IN CUBA

Then, again, there was the Cuban situation. Only a few months ago there was a revolution in Cuba. Now, for years United States investors in the sugar business have taken millions of dollars' profit from Cuba. According to the papers and magazines, about 90 percent of Cuba is owned by United States capitalists. We have been called Cuba's big brother, but it looks more as if we are the "sugar daddy."

Now, it is entirely legitimate, perhaps commendable, for people to invest in foreign enterprises. It is entirely all right for citizens of the United States to invest their money in the sugar business in Cuba, and if they make a profit, so far as I am concerned, they are welcome to it; but if they have a loss, they can have that, too. I do not wish to be cut in on the loss and left out on the profit.

In the last disturbance in Cuba, you remember there was great agitation in this country for the Government to "Send a battleship to Cuba", "Send the marines to Cuba", "Put down the revolution in Cuba", but our Government has launched a new foreign policy. Our President has shattered precedent, has taken a new step in world diplomacy and statecraft. He came courageously out with a proclamation stating that there would be no intervention in Cuba. There was no intervention in Cuba, and she settled her own domestic trouble.

I, therefore, urge that we make permanent as a means of promoting peace this nonintervention policy launched by President Roosevelt.

THIRD STEP, UNIVERSAL DRAFT

The third step that will go a long way toward promoting peace is a universal draft of money and materials as well as men. This has the unqualified support of the American Legion. Such a universal mobilization of the financial and material resources of the

Nation as well as the man power would make us more effective in war. In my opinion, if our Nation is plunged into war, every man back of us and every dime of resources should be at the disposal of the Government for the successful prosecution of that war. But there are those who say, "That is a fine theory but it cannot be put into practice."

Indeed, it can be put into practice. A few manufacturers and financiers with a fine brand of salesmanship have been able to sell that idea, that it cannot be put into practice, to enough of our lawmakers to block such legislation.

CONSCRIPTION OF FINANCIAL RESOURCES

In the first place, conscription of the financial resources of the Nation can be accomplished by the establishment of a Government bank to finance the war. The duty of this bank would be to purchase Government bonds with Government credit, thus saving billions to the Government in interest.

In the last war the Government commanded men to face death, but begged for enough money to pay for the food they ate before they died.

Can you comprehend the inequality, the injustice of a nation commanding men to face death, and then on bended knees begging for money? Isn't it so? Did we not do it? Didn't they get the prettiest girls they could find and have them go out in front of the curtains in theaters and make 4-minute speeches begging people to buy Liberty bonds and Victory bonds, and offering them the great inducement of 4-percent interest?

Yet one of the cardinal principles of our Government is that we are to hold human rights above property rights. Yet in the last war, and in all previous wars, we reversed that. A man's property was more sacred than another man's life.

During the Civil War Abraham Lincoln went to New York to see the bankers to get more money in order that he might carry on the war to save the Union. He saw that the bankers were holding out for better terms. Finally he stood up, his eyes flashing fire. He said, "I can conscript a widow's only son. I can take him from between the plow handles and put him in the battle's front where his life won't be good for 6 minutes, but I cannot lay hands on enough money to pay for the food he eats."

It was true in the Civil War. It was true in the World War, and unless we act now during peace, it will be true in the next war.

By means of a bank of the United States a money levy could be made upon the wealth of the Nation and thus the financial resources drafted to serve as well as the man power.

BLANKET DRAFT OF ALL CIVILIANS

As a second means of compelling a universal service in case of war, there should be a conscription law providing for a blanket conscription of all civilians as well as conscription for military service. This would mean that every civilian would go right on with his regular activities until called upon for special service by his Government. It would mean that he would simply hold himself in readiness and then when his Government called, that it would be necessary for him to act or suffer military court martial just as it is in the case of men who are conscripted as combat troops.

In the last war men were notified to hold themselves in readiness for service. Why could not that be done in respect to the leaders and managers of industry? It would not be necessary to require them to wear military uniforms, but the Government could fix their pay the same as that for military service.

In order to make this blanket draft effective, there should be a war board established now in peace time, representing the military, the civilian, and the industrial needs of the Nation in case of war. This board should have a complete plan for industrial mobilization, for price fixing, for determining priorities as to labor as well as materials.

It is true the War Department has certain plans already made and documented, but those plans represent the military alone. The board should be set up now with a representative from industry and one representing the civilian needs as well as the military.

Through this board the Government could simply require the manager of a factory to cooperate with the Government in furnishing needed supplies. The pay of the manager and the workers would be the same as that of officers and enlisted men.

The Senate investigating committee brought out the fact that in the last war, at one of the most crucial times of the war, the Du Pont Manufacturing Co. bickered with the Government for 3 months over the profits that they were to receive for manufacturing powder. The Government requested them to build the Old Hickory Powder Plant and manufacture powder, and for 3 months they refused the demands of their Government because the profits were not sufficient to satisfy them. What would happen if the soldier in line of battle refused to obey commands because his pay was not enough? He would be court-martialed and shot, and yet the Du Ponts who were so patriotic that they kept us from being a German colony, refused to manufacture powder because their profits were not enough.

With a blanket draft covering every person in the United States a situation like this could not arise.

FOURTH STEP, PROFITS TAXES

Now the fourth and final step that would promote peace by removing the profits from war is the passage of tax laws that would take 100 percent of all war profits. War should be a burden to everyone. Then everyone will oppose war.

WAR PROFITS

In the feverish days of the war, Americans bent every energy to win that war. Our statesmen could not and did not count dollars

and cents when lives were at stake. They proceeded on the assumption that the men with whom they dealt were honest. What I say here is not meant as a criticism of the Government but it is merely a statement of facts that should not be true of the next war. Could you imagine that while our mothers and fathers skimmed and saved and gave and gave—that while the soldiers were not questioning but were going forward to their duty—could you believe at this time that there were people in America so low and so debased as to be turning this war to profit? Not only that, but actually filching millions from the Government. Suave, fat-handed, slick-haired men, who would sit at their sumptuous meals and remark about the dreadful war and what sacrifices the American people were making to win it.

In round numbers the war cost the United States \$29,000,000,000. Nobody knows how much a billion dollars is, it is so much, but that is what economists say the war cost our Government. Do you know how much of that went to the pay of soldiers, the men who faced death? Five percent. Most of the rest went to war profiteers.

Do you know what it cost the average soldier in dollars and cents to go to war? Figure it out for yourself. If a boy had stayed out of service he could have earned \$7 a day for unskilled labor. That was the lowest. Anybody could get \$7 a day. But the soldier received 75 cents a day. You thought we got a dollar. We did, but we had to pay \$6 to \$8 a month back into the Government on our life insurance. The privates paid back into the Government something like \$408,000,000 out of their slim pay of \$30 a month, to pay the death claims of their dead buddies. But the difference between what a boy received who was in the service and one who was not, at the lowest estimate over a period of 16 months is \$2,800. That is what it cost a boy to be patriotic. But you say, you cannot pay for patriotism. No, you cannot; but there is no reason to penalize it. It is bad enough for the soldier to suffer the physical dangers of war without requiring him to bear the economic loss as well. While we were serving for 75 cents a day and a chance to die, there were 22,000 millionaires made in the United States. Du Pont Manufacturing Co. made 100 percent profit during each of the 4 years of the war. The steel companies made from 27 to 65 percent during each year of the war.

TRUCKS AND AUTOMOBILES

At Puniers, France, I saw 2 miles of Liberty trucks, Cadillac, Dodge, and Ford touring cars backed one up against the other. They were junked. Most of these were in good condition; some were almost new. I wanted to buy one and ship it home, because I knew I'd need a car when I got back home. The captain said, "You can have one; that is, if you will just take it. But you cannot ship it home." The corporals and the sergeants sold some of them to some of the French for \$5 each. Others were just taken, others smashed up. The Government had purchased these automobiles from factories, and paid those factories handsome profits, for the factories were not out one cent for advertising or salesmanship. Not only that, but the manufacturers were so greedy for profits that they were able to keep these from coming back to America to lower the market price here. They were junked and salvaged and the taxpayers paid for them, and the profiteer smiled and rubbed his hands and remarked about the noble sacrifice of the American people.

AIRPLANE PROFITS

What about our war record in airplanes? America set out to "win the war in the air." We were going to relieve our allies of any air fighting. We were going to take care of that little matter for them. The program called for 25,000 airplanes; 20,000 were to be on the front by January 1918, and General Pershing attested to the record that not one single American-made fighting plane ever reached the front.

What was the result? Our American buddies had to fly planes secured from the Allies. Of course, these were the older, out-of-date, less efficient ones. The result was that in these "flaming coffins" the losses among the American airmen were three times as great in proportion as they were among the Allies, not because our boys were not good pilots, but because when they took off in one of these ships, death rode in the cockpit with them.

But what about the bill for these planes that never did arrive? Did the bill come? Oh, yes it was on time—\$1,051,511,988 strong. One company, for 3,660 airplane motors, received a profit not including cost, but naked profit, of \$3,934,500. Another company, for 6,500 motors, received a cold profit of \$15,000,000.

A Government audit of the Standard Aircraft Corporation and the Standard Aero Co. showed that these two concerns were overpaid \$6,500,000. The affairs of the company were immediately put into liquidation. The Government had a fat chance of ever getting that back. And, to add insult to injury, these two companies were owned by the great Japanese house of Mitsui & Co. And Mitsui & Co. were paymasters of the Mikado of Japan, and at one time were paymasters of the great international spy system of the German Government. Oh, for the eloquence of a top sergeant to express my feelings.

PROFITTEERING IN RAINCOATS

Then, again, think of those manufacturers who made raincoats of "mosquito netting" and sold them to the Government for the best India rubber. I am confident that the death of some of the boys in my own company was caused by the rain soaking through those raincoats and chilling their backs and shoulders while they drilled to protect those profiteers who betrayed them.

I was in the Sandstorm Division, the Thirty-fourth. We trained at Camp Cody, N. Mex., then stopped at Camp Dix, N. J., for final

training before we went over. The rainy season hit us there. It rained every day and we drilled every day. I came in many nights soaked through to the skin across the shoulders because of those flimsy raincoats. We drilled rain or shine. The soldier can't select his weather.

Then the "flu" hit us. The boys died like flies. We stacked them up in the morgue like cordwood. I was on the firing squad. Every morning we marched down to the station to fire a salute over a flag-wrapped body. Then we loaded it on to a train and shipped it back to some station where a little woman in black was waiting to receive it.

Then one day I sat by the bunk of one of my buddies, a lad from Colorado, and heard that death rattle in his throat, caused by the "flu" which he had caught while drilling in the rain with one of these flimsy raincoats. The next day they took him to the hospital and a few days later to the morgue. As I stood with the firing squad and we fired the salute over his flag-wrapped body, I thought of some fat-handed, slick-haired, well-groomed millionaire, sitting behind his mahogany desk, figuring his profits, calculating his bloodstained gold; and I vowed then, if the chance ever came, I would make my war on the profiteer. This is my chance.

SPEAKING FOR THOSE WHO CANNOT SPEAK

My friends, I am speaking for those who cannot talk. Tonight when the sun went down 15 more of my buddies went "west" out of our hospitals. That is the average. They have been dying a slow and tortuous death for 17 years. I'm speaking for the men in our TB hospitals. The living dead. Gassed lungs, the white plague, then wait for the end. I'm speaking for the orphan children whose daddies fell when it might have been me. Some of them never saw their daddies. I'm speaking for the shell-shocked boys whose bodies came back but their minds did not. I'm speaking for the soft-cheeked babies and the millions of school children, who will be sacrificed in the next war. I'm speaking for the gold-star mothers, who paid the greatest price of all. Year before last the Government gave 3,000 of them a trip to France to see the last resting places of their sons.

Do you see the mother as she stands by the grave where they tell her her son sleeps? Stands? What mother would stand? She gets down on the earth as close to him as she can. I'm speaking for her. For is not 6 feet of earth and a white cross rather poor compensation to a mother for her years of training and hopes and prayers?

Then I'm speaking for those lips that are silent in death.

"A million wooden crosses are calling out to you,

We died that war may be no more,

What are you going to do?

A thousand sightless heroes have caught a vision new,

The vision of a world at peace,

'What are you going to do?'

A thousand little laddies who never saw their dad

Will be the next cannon food

When next the world goes mad.

Our wooden crosses they are dumb, but the message you can bring,

Tell the world, the careless world,

War is a cursed thing."

—Selected.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, during the past few weeks there has grown up in the minds of some of us Democrats some question as to the exact present popularity of our great President, Franklin D. Roosevelt. As we have listened to criticisms of various and sundry types emanating many times from this side of the House, we have begun to wonder just how popular our President is with the great masses of the people of this country today.

Today our doubts have been dispelled, because we read in one of the great Washington newspapers this morning the following headline:

The United States Chamber assaults new deal.

This news to the farmers back in the West, the Northwest, and the Southwest, to the 11,000,000 unemployed men in this great country of ours, and to the 20,000,000 who are on the relief rolls is the best news that could possibly be received by them.

This very news itself, that the United States Chamber of Commerce, a predatory organization of assassins of prosperity for the farmers, of parasites and plunderbunds upon the wage earnings of the laborers and parasites who swoop down like buzzards with their talons and claws sharpened for the small business men of this country, is enough to cause a rekindling of all of the wavering faith and loyalty

that our people may have had in this great leader, Franklin D. Roosevelt, the man who talked so freely about the forgotten masses in the 1932 historic campaign.

The fact that these gentlemen have definitely arrayed themselves against the new deal and are now demanding the repeal of the N. R. A. and other Government bureaus is the best evidence, to my mind, that certain features of the N. R. A. must be maintained and perpetuated. I am pleased to say that the American Federation of Labor wants a continuance of the good clauses of N. R. A., such as the abolition of child labor, the outlawing of "yellow dog" contracts, and the right of collective bargaining under section 7 (a).

The fact is that the United States Chamber of Commerce, formerly headed by Julius Barnes, has opposed every farm-relief bill beginning back with the McNary-Haugen bill and then drifting to the domestic-allotment bill, and now they are opposing the A. A. A. and the processing tax. This is the best proof that can be presented to me that this Government and this administration is on the right track and that some of these new-deal ventures, so-called, ought to be continued and given a further try-out for at least another year or so.

I want every farmer in this country, I want every wage-worker, I want every independent business man and small producer to know that this unholy group of business, the United States Chamber of Commerce cultures, is against the new-deal and Franklin D. Roosevelt. [Applause.]

The newspaper article is as follows:

[From the Washington Post, May 3, 1935]

CHAMBER ASSAULTS NEW DEAL AS ROPER AND ALLIES DISSENT; N. R. A. UP IN COURT AND SENATE—23 ON ADVISORY GROUP UPHOLD SOCIAL BILL, N. R. A. EXTENSION—REFORM MEASURES HIT BY CHAMBER—"NO REASON TO FOLLOW WILL OF PRESIDENT," DECLARES SIBLEY

Three hours after the Chamber of Commerce of the United States had adopted resolutions harshly criticizing most of the new deal recovery measures, a group of business men called at the White House yesterday afternoon and told President Roosevelt they favored N. R. A. extension and the administration's social-security legislation. Both measures had been condemned in the chamber resolution.

The group consisted of 23 members of the business advisory council of the Department of Commerce. Most of them were members of the chamber of commerce. Included was Henry I. Harriman, retiring president of the chamber, who presided at the convention meeting at which new-deal measures were condemned.

"NO POLITICS," SAYS KENDALL

Following his conference with President Roosevelt, H. P. Kendall, chairman of the advisory council, declared that "there is no politics back of this report."

"We are here to uphold the President's hand in the fight against the depression," he said. "Certain of our members are members of the chamber of commerce, but we are not spokesmen for the chamber or any other organization."

Secretary Roper, who accompanied the delegation, said the committee had endorsed in a general way the social-security program. He also said that most of the members of the committee were members of the chamber of commerce and added that "they were delighted to tell the President they were for his program."

A social-security report presented to the President by the council members will be sent to Secretary Perkins and is expected to be made public today. The report on N. R. A. asked for a 2-year extension and recommended provisions in the administration bill.

The stand of the chamber of commerce against administration measures was characterized by Harper Sibley, its newly elected president, as "an honest difference of opinion." Declaring that the business emergency has passed, he said it is "time to review the emergency measures."

"There is no reason why we should follow the will of the President," he added.

Far from "following the will of the President," the resolutions either condemned entirely or severely criticized the present National Industrial Recovery Act, social-security legislation, securities control legislation, proposed amendments to the Banking Act, the Wagner labor-disputes bill, the utilities-holding company bill, amendments to the Agricultural Adjustment Act, and Government interference in business.

Reserved for future action were resolutions on the cotton-textile problem, on emergency relief activities, and on Government loans, in addition to other resolutions not so closely related to the administration program.

The chamber of commerce pronouncements, coming just as preliminaries of the next Presidential campaign are getting under way, are expected to constitute something of a guide for political opponents of the administration.

At the same time, a high administration spokesman said yesterday that "business men never really were for the adminis-

tration at any time." He added that he expected them to be against the administration next year and that Democratic votes would "come from the plain people." He predicted an overwhelming Roosevelt victory.

NOT REACTIONARY, SAYS SIBLEY

Sibley described the resolutions as "very forward looking" and declared he did not feel they were reactionary. He said the chamber of commerce had "simply expressed to the administration in a polite way its differences of opinion."

The new chamber president, who was a schoolmate of President Roosevelt at Groton and who was in Harvard at the same time as the President, said he expected to take the resolutions to the White House sometime next week and that he hoped there would be free discussion between representatives of the Government and of the chamber.

"When there are honest differences of opinion there must be free expression," he said. "The administration is for the whole people. So is the chamber of commerce. I hope that through open discussion we can arrive at a solution."

He said the resolutions did not represent so much opposition to new-deal laws as a feeling that too much had been attempted by the Government in too short a time.

"We question the Government's haste," he said, "and also its methods—to some extent."

WILL "CAMPAIGN"

Describing the business situation, he said:

"It looks to me as if the business patient is very healthy. He seems to have a lot of pep. They say that a convalescent is sometimes vociferous."

Sibley said the chamber of commerce expected to "campaign" for its views.

At the session yesterday morning some discussion was created by the fact that President Roosevelt had sent no message to the convention. Last year he sent a message asking cooperation and condemning business men "who cry 'wolf'." Two years ago he attended the dinner which closed the convention.

INVITED TO DINNER

At the White House it was said that President Roosevelt had not been asked to send a message. It was said he had been invited to attend the dinner Wednesday night, but that he had declined because of the pressure of business and because he did not wish to add to statements he made in a radio speech last Sunday night.

These statements were confirmed by both Sibley and Henry I. Harriman, retiring president of the chamber, both of whom were White House callers last week.

PAY-ROLL TAX HIT

It declared the proposed pay-roll tax would impose a heavy burden upon industry and should not be considered until recovery is assured.

"Finally," it said, "we question the propriety as well as the constitutionality of any effort by the Federal Government designed to take jurisdiction over the subject matter of this proposed legislation."

The N. R. A. resolution asked that the present law be allowed to expire and that substitute legislation be enacted for definitely limited time. The new legislation, it said, should provide for voluntary codes, with no provision for imposing or amending codes by executive action. It declared also that the new legislation should permit agreements between competitors, which upon receiving governmental approval, would be free from the penalties of the antitrust laws.

CHARGES INVESTMENT HINDERED

"The collective-bargaining provisions of the present law have definitely disproved their worth," the resolution said. "Further, we are of the opinion that efforts to enforce obedience to codes by extrajudicial methods, such as the Blue Eagle, withholding or withdrawal of Government contracts, and appeals to public prejudice, are contrary to our national traditions."

In the resolution on durable goods, the convention declared that existing laws prevent investment of large sums necessary to restore these industries.

"Securities legislation," the resolution said, "should be of such a character that sound finance may proceed confidently. The Government should retire from all activities that compete with private industry."

Opposing the banking amendments, the delegates adopted a resolution declaring:

"The measure provides for such concentration of power over reserve and commercial banking as would mean the establishment of a central-bank mechanism that, under political control and influence, would necessarily destroy the present plan."

OPPOSE 30-HOUR WEEK

The resolution endorsed the Federal Reserve System as it now exists.

The chamber declared itself "definitely opposed" both to 30-hour-week legislation and to the Wagner labor-disputes bill.

In taking a stand on the holding-company bill, the delegates opposed what they termed "Federal regulation of operating companies" and declared, "Holding companies have had a substantial part in the development of our electric and gas utilities and have undoubtedly conferred upon large areas benefits which they otherwise would have lacked."

In reference to the Agricultural Adjustment Act, the convention asked that Government aid given the producer be limited to the crop which is domestically consumed.

"We oppose", the resolution said, "any further governmental authority over the freedom of action of producers, processors, or distributors of basic agricultural products as provided in proposed amendments."

LABOR RELATIONS

Prominently before Congress in the field of labor relations are two measures, the one designed to establish a uniform 30-hour work week throughout business and industry and the other undertaking to deal with labor relations in all industry and all fields of commerce and to create a permanent National Labor Relations Board.

To each of these proposals the chamber is definitely opposed. Statutory regulation and reduction of hours of work not only would prevent that flexible adjustment of hours so essential to the proper conduct of business operations under constantly varying conditions but it will inevitably result in marked increases in prices, in turn producing decreased consumption, decreased production, and consequent unemployment. Economic recovery must come from an increased, not from a reduced, production.

Proposals such as those embodied in the labor-relations bill would operate to disrupt rather than to promote proper relations between employer and employee, and likewise retard the normal processes toward recovery. Any attempt to bar any form of honestly organized labor group from the provisions of collective bargaining, or to bar minorities from the privilege of conferring with their employers upon terms of work, is un-American, indefensible, and unsupported by any considerations of the public interest. Employees, untrammelled or uncoerced by any person, should have the right to organize in such way as they desire for the purpose of collective bargaining; or, if they so prefer, they should have preserved to them the right to bargain individually.

UTILITY BILL OF 1935

To the regulation of public utilities, the chamber has long been committed. It has advocated that State commissions should be given ample power, with necessary financial support and adequate personnel, to enable them to discharge their public duties efficiently with respect to electric and gas utilities. Where operating areas extend across State lines and involve interstate transmission, the chamber has urged that State agencies should take concurrent action with such participation by the Federal Power Commission as interstate problems require. The chamber has recognized the necessity for reasonable and adequate regulation for all aspects of utility enterprises that affect the public interest, both as regards consumers and investors.

The utility bill of 1935, as introduced in Congress, not only would seek to superimpose Federal regulation upon State regulation of operating utilities but would undertake to destroy utility-holding companies, which have had a substantial part in the development of our electric and gas utilities and which have undoubtedly conferred upon large areas benefits which they otherwise would have lacked. The growth of American utility enterprises has in some cases been accompanied by abuses. It is in the public interest that all such abuses should be prevented. As many abuses to which public attention has been called have related to securities, the Federal Securities Act would seem to afford assurance for the future.

Other abuses should be definitely identified in legislation and such provisions for regulation should be made as the public interest requires. The destruction of enterprises not only will mean violation of fundamental principles but inevitable losses to millions of innocent investors. Even threat of destruction brings disadvantage to many communities through postponement of services they need for their development and causes national loss through withholding from those industries most affected by unemployment orders for construction and equipment that would afford a large aggregate of work.

All attempt to superimpose Federal regulation of operating companies upon State regulation should be abandoned. The effects can only be detrimental to the interests of the communities which are served and to the exercise of State authority over utilities which in every true sense are essentially local.

CHAMBER'S FIGHT ON NEW DEAL AMAZES ITS LONDON DIRECTOR

Francis E. Powell, head of the United States Chamber of Commerce in London, last night said the Old World is amazed at the stubborn fight being made by business here against the new deal.

Powell, tall and silver-haired, once was chairman of the Anglo-American Oil Co. He was astonished, he said, at the frosty reception that greeted his attempt yesterday to bring peace between American merchants and the White House.

Hundreds of delegates of the United States Chamber of Commerce Convention sat in grim silence as Powell proposed that a group be notified to call on Mr. Roosevelt and pledge cooperation. Henry I. Harriman, retiring president, ruled Powell out of order.

"I was shocked at their attitude", he told the United Press in an exclusive interview. "It couldn't have happened anywhere else in the world. I have listened for days to the criticism of the Government's policies."

"Some admitted perhaps the recovery work had done some good—shall we say they grudgingly admitted it?"

"The delegates have heard what great strides we in England are making out of the depression. They have been told that it was due to our tariffs, to heavier taxes—to balancing the budget."

"Well, that much is true. What they haven't been told is the British business men cooperated with their Government. They

paid higher taxes; yes. They subjected themselves to many things to expedite recovery."

Immaculate in black coat, striped trousers, white shirt, black tie, and winged collar, Powell shook his head as he watched delegates stream from the convention floor after definitely rejecting any plan by the Government to provide for the aged indigent.

"But", he asked, "how can they do these things? Perhaps we are not ready in this country yet for unemployment insurance. Perhaps it should be given more study. But we are, and always have been, ready for any legislation which removes the awful fear of want and poverty in the minds of those of us who are growing old."

Powell left his home in Cincinnati many years ago and described himself as a "citizen of the world." He left his interviewer with one forecast, emphatically stated:

"American business will have to cooperate with this administration in the new era about us or—get something worse."

AGRICULTURAL ADJUSTMENT ACT

Measures restricting the production of exportable farm products which can be grown in other sections of the world inevitably react to the disadvantage of the country imposing such restrictions, by encouraging their growth in other countries.

We recommend that any governmental financial aid given to the producer be limited to that portion of the crop which is domestically consumed. This policy would insure him a price that would compensate for his labor and preserve a parity with those things he has to buy. We believe exported agricultural products should be sold at world prices, to preserve our foreign markets and stimulate our general trade.

We oppose any further extension of governmental authority over the freedom of action of producers, processors, or distributors of basic agricultural products, as provided in the proposed amendments to the Agricultural Adjustment Act, H. R. 7713 and S. 1807, and in the commodity exchange bill, H. R. 6772 and S. 1334. We insist that in these bills the Government shall not, by law or by subsidy, control or attempt to increase the control over any producer, possessor or distributor by license, quota, or otherwise, in the lawful and independent operation of his own enterprise; and we further insist that the Government shall not, by law, or otherwise, give preferential treatment to any group; nor shall the Government empower or sanction the imposition by one group of an industry of its will on another group in that industry, as contemplated in the bills referred to above.

SELF-REGULATION OF INDUSTRY

Business has long maintained trade associations as a means of carrying on important functions in the interest of business and the public. The efficiency of management has been furthered, the extension of markets promoted, the stabilization of employment fostered, the establishment of fair competition advanced, and the rights of industry upheld through the proper operation of truly representative trade associations.

The benefits which have accrued from such cooperative work have been due, in part, to the flexibility, the voluntary character, and the freedom from special forms of governmental control of trade associations. Such conditions should be continued.

The establishment of agencies under governmental control to carry on activities recognized as proper functions of trade associations, or the assumption of such activities by governmental agencies, will limit the field and functions of trade associations, retard the self-organization and self-government of industry and the furtherance of mutual cooperative action for the benefit of industry and the public.

Mr. TRUAX. Mr. Speaker, when these farmers, wage workers, independent business men, and producers realize fully that big business is definitely and unalterably opposed to certain recovery measures sponsored by the Roosevelt Administration and enacted into law by the Seventy-third and Seventy-fourth Congresses, they have only to understand how their particular group is affected or will be affected by the legislation which the United States Chamber of Commerce so roundly condemns.

The chamber of commerce, through their mouthpiece, Mr. Harper Sibley, declares there is "an honest difference of opinion", declaring that the business emergency has passed. He said it is "time to review the emergency measures."

How about it, Mr. Farmer? Has the great emergency and the need to restore farm commodity prices to a profitable level passed? The answer is "no." Price levels today are much better than they were before this administration came into power. All farmers need today is a good crop to sell at present price levels. He needs a continuance of legislation that will maintain not for 1 year but for the years to come selling levels already established during this administration. Has the emergency period for unemployed work-

men and the millions of others on Government relief rolls passed? No, they still need the protecting hand and arm of a humane government that will continue to provide food, clothing, and shelter for those casualties of the Hoover depression and panic. Until men are actually reemployed, small business reestablished, it is absolutely necessary that they be assisted by the President and the Congress instead of consigning themselves to the tender mercies of the captains of finance and buccaneers of big business.

Mr. Sibley says, "There is no reason why we should follow the will of the President." Certainly not one of the common people ever believed for a moment that these brigands would follow the will of any President unless that President happened to be subservient to their own will and a piece of putty in their hands. Their interpretation of the will of the President is to express themselves as being opposed to social-security legislation. This will be comforting news to those 7,500,000 aged unfortunates who have passed the age of 65 and 1,000,000 of whom are dependent upon relatives or charity for support. That will be interesting news to the millions of supporters of the Townsend plan. That position, no doubt, will appeal (like hell) to the reasoning of the thousands of the Fraternal Order of Eagles, who in Ohio pioneered for and supported manfully old-age-pension legislation. These chamber of commerce fellows are not only opposed to the methods to be used in humanely dealing with the aged but if the truth be known they are opposed to the principle as well. What care they about the unfortunate aged so long as big business profits, crushes, and monopolizes, and they continue to clip the coupons.

Naturally they are opposed to the Rayburn-Wheeler bill which contemplates the abolition of predatory holding companies. Naturally on an issue of such prime importance to the millions of hard-working consumers of electric energy, light, and power supplied by the Morgans, the Dohertys, and others of their ilk, we expect to find the chamber of commerce on the side of the millionaire holders of plutocratic wealth. We would be disappointed had they assumed any other attitude. We expect also to find them lined up with the rich opponents of the Wagner labor-disputes bill. This bill, if enacted into law, would be something for those millions of toilers who actually create wealth and ultimately pay all the taxes. This bill would give labor the same right to an honest, fair hearing before their duly selected supreme courts as is now given to the big industrialists and big business men under certain practices of N. R. A. and its repeal of the Sherman antitrust laws.

Always found in the ranks of those rich and powerful enemies of American agriculture, we would again be disappointed should they have shown an inclination to support the A. A. A. and its consequent processing taxes. Regardless of whether you believe the A. A. A. to be wise and sound you must admit that its provisions, coupled with the drought of the past year, have resulted in much higher prices to the farmer. This is a fact and not an idle utterance. The only regret that I can express in this connection is the failure to make ample provision by Government to prevent city consumers from being robbed through the monopoly and machinations of the food trusts and chain outfits, such as the gambling grain dealers of the Chicago Board of Trade, the racketeering of the Chicago meat packers, and the lootings of the Wall Street owners of the grocery chain stores. The prevailing levels of basic agricultural commodities must be maintained and the purchasing power of American consumers elevated to that same level, then prosperity will in very truth be with us all.

Let the boasted and widely heralded opposition of the United States Chamber of Commerce to the recovery features of President Roosevelt and his new deal serve notice on the 80,000,000 people who are either without jobs, without incomes, without property, or without wealth, that it is they in reality whom the chamber is fighting. The aims, ambitions, and hopes of this nefarious organization are wholly selfish and greedy, so govern yourselves accordingly. Whenever they are against Roosevelt, then you be for him. Rededicate your loyalty to that matchless leader who is your

best hope and best opportunity to strike off forever the serfdom and economic slavery of capitalistic big business. [Applause.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 6718) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1936, and for other purposes", that are in disagreement, disagrees to the amendment of the House to the amendment of the Senate numbered 29, agrees to the further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. SMITH, Mr. KEYES, and Mr. NYE to be the conferees on the part of the Senate.

SOCIAL SECURITY AND PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein several letters from the President of the United States, President Green, of the American Federation of Labor, and Secretary Ickes, in regard to the industrial and social security of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I wish to appeal to the Members of Congress once again in behalf of Puerto Rico, which is an organized Territory of the United States, considered as an integral part of this Nation by reason of the citizenship its people enjoy.

I especially make this appeal in view of the introduction in Congress of bills affecting the economic and social security of the country as a whole, and, in particular, do I wish to emphasize that the definition of the United States in all these bills should include Puerto Rico. It has been held by the United States Supreme Court that Puerto Rico is a complete, organized Territory. There also must be taken into consideration the organic act of March 2, 1917, known as the "Jones Act", in which appears this provision:

The statutory laws of the United States not locally inapplicable shall have the same force and effect in Puerto Rico as in the United States.

A social and economic measure of so great an importance as H. R. 7260, a bill to provide for the general welfare by establishing old-age benefits, and by enabling the States to make more adequate provision for aged persons, should be extended to Puerto Rico, as was originally done in a previous bill of this nature, H. R. 4120, and in similar bills introduced by Senator WAGNER and Congressmen MEAD and LEWIS, in which the definition of "State" included Alaska, Hawaii, Puerto Rico, and the District of Columbia. And in this regard I should like to insert in the RECORD as part of my remarks correspondence explaining the thoughts of the President and others concerning the extension of such legislation to Puerto Rico, as follows:

APRIL 10, 1935.

His Excellency the PRESIDENT OF THE UNITED STATES,

The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: I feel it my duty to call to your attention a matter of great importance to the masses of Puerto Rican workers. My appeal at this time is in connection with the social-security legislation recommended by you, which the House already has begun to consider.

I refer to the provisions of House bill No. 7260, reported by Chairman DOUGHTON, which contains a definition of the United States, embracing Alaska, Hawaii, and the District of Columbia, but it does not include Puerto Rico. Chairman DOUGHTON's original bill and similar bills introduced by Senator WAGNER and Congressmen MEAD and LEWIS do include Puerto Rico.

Now, I feel, Mr. President, that it is not wise to exclude the people of the island from participating in the obligations, responsibilities, and benefits of so far-reaching a national measure of a social and economic character, not only from the standpoint of fairness but also to instill the principles of progress, humanity, and social education.

I request, Mr. President, and I trust that your recognized sense of fairness and justice will lead Your Excellency to find the best

way of recommending the incorporation of Puerto Rico in the definition of the United States into this humanitarian measure.
Very respectfully and sincerely yours,

SANTIAGO IGLESIAS.

APRIL 10, 1935.

Mr. WILLIAM GREEN,

President American Federation of Labor, Washington, D. C.

DEAR SIR AND BROTHER: I have to appeal to you at this moment with reference to House bill No. 7260, introduced by Chairman DOUGHTON, which deals with the social security legislation. This bill, as reported out of the committee by Chairman DOUGHTON, does not include the Territory of Puerto Rico in its definition of the United States, although its provisions are extended to Alaska, Hawaii, and the District of Columbia.

A previous bill H. R. 4120, of this character, also introduced by Chairman DOUGHTON, at which hearings you testified, and similar bills introduced by Senator WAGNER and Congressman MEAD, all included Puerto Rico in this way: "As used in this title, the term 'State' shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia."

Certainly Puerto Rico, an organized Territory, whose people are citizens of the United States, is an integral part of the United States, and in all fairness and justice the people of Puerto Rico should be permitted to participate in the benefits as well as in the obligations and responsibilities of so far-reaching a social program.

In this connection may I prevail to the extent of asking you to write to the chairman of the committee who is in charge of the above-stated bill and the labor Members of the House who will consider and vote for the foregoing measure, requesting them to favor the inclusion of Puerto Rico in this legislation?

I assure you that the working people of the island and I should be very much obliged to you and the American Federation of Labor, as ever in the past, for granting the above request.

With renewed assurances of my high esteem and with kind personal regard, I am,

Fraternally yours,

SANTIAGO IGLESIAS.

THE WHITE HOUSE,
Washington, April 25, 1935.

Hon. SANTIAGO IGLESIAS,

*Resident Commissioner from Puerto Rico,
House Office Building.*

MY DEAR MR. IGLESIAS: I have your letter of April 10, in which you call my attention to the omission of Puerto Rico from the provisions of H. R. 7260, although Alaska, Hawaii, and the District of Columbia are included.

I very much regret this omission. However, you will be interested to know that as soon as the original draft of the bill was prepared, the Division of Territories and Island Possessions of the Department of the Interior took up this matter with solicitors of the Department, and is submitting an amendment which, if adopted, will rectify this situation insofar as Puerto Rico is concerned.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

WASHINGTON, D. C., April 13, 1935.

Hon. SANTIAGO IGLESIAS,

House of Representatives, Washington, D. C.

DEAR SIR AND BROTHER: As a reply to your letter dated April 10, I am enclosing a copy of a communication which I sent to Chairman DOUGHTON, of the House Ways and Means Committee, and copy of a letter which I addressed to Hon. WILLIAM P. CONNERY, Jr., Chairman of the House Committee on Labor.

In addition, I am asking our legislative representatives to call upon our friends in Congress to join in the movement to secure the inclusion of Puerto Rico within the provisions of the social-security legislation to which you have called my attention.

Very sincerely yours,

WILLIAM GREEN,
President American Federation of Labor.

WASHINGTON, D. C., April 13, 1935.

Hon. ROBERT L. DOUGHTON,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: I wish very much that the provisions of the social-security legislation recommended by the Ways and Means Committee would be extended to the people of Puerto Rico.

H. R. 4120 as originally introduced provided that, "As used in this title the term 'State' shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia." I understand that the social-security measure as recommended by your committee does not include the Territory of Puerto Rico in its definition of the United States, notwithstanding that its provisions are extended to Alaska, Hawaii, and the District of Columbia.

There does not seem to be any good reason why the people of Puerto Rico should be excluded from the benefits of the social-justice provisions of this legislation herein referred to. May I ask, in the name of labor and of the organization of labor in Puerto Rico, that you favor the inclusion of Puerto Rico in the provisions of the social-security legislation recommended for enactment by the House Ways and Means Committee.

Very sincerely yours,

WILLIAM GREEN,
President American Federation of Labor.

WASHINGTON, D. C., April 13, 1935.

Hon. WILLIAM P. CONNERY, Jr.,

*Chairman Committee on Labor,
House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: I enclose a copy of a letter which I addressed to Hon. ROBERT L. DOUGHTON, Chairman of the House Ways and Means Committee, which is self-explanatory.

I just cannot understand why Puerto Rico should be excluded from the benefits of the social-security legislation recommended by the House Ways and Means Committee. If the people of Alaska, Hawaii, and the District of Columbia are to be beneficiaries of this legislation, what good reason could be offered the people of Puerto Rico and their friends in the United States as to why the Territory of Puerto Rico is excluded from the benefits and provisions of this legislation and its provisions?

I ask you and the friends of labor of the House of Representatives to unite in making a vigorous fight for the inclusion of Puerto Rico in the benefits and provisions of the social security legislation now pending in Congress.

Thanking you in advance, I beg to remain,

Very sincerely yours,

WILLIAM GREEN,
President American Federation of Labor.

[Radiogram received Apr. 23, 1935]

No. 159.

SAN JUAN, April 23.

GRUENING,

Division of Territories and Island Possessions:

Please transmit following message to Gov. Blanton Winship: Wagner social-security bill already passed the House pending action of Senate. Puerto Rico not included in benefits of bill. Health department has insular funds to match appropriations for maternity and public-health work. Urgent that bill be amended in Senate to include Puerto Rico. United States Public Health Service now contributes \$25,000 toward support of public-health units in 12 municipalities. If Puerto Rico is not included in this bill, this money will not be available after June 30, 1935.

HORTON, Acting Governor.

THE SECRETARY OF THE INTERIOR,
Washington, April 24, 1935.

Hon. MILLARD E. TYDINGS,

*Chairman Committee on Territories and Insular Affairs,
United States Senate.*

MY DEAR SENATOR TYDINGS: Enclosed is a draft of a proposed amendment to H. R. 7260, the social-security bill.

The amendment relates to titles I, IV, V, and VI, dealing with grants for old-age assistance, aid to dependent children, maternal and child welfare, and public health work. The bill in its present form provides for grants for these purposes to the States, the District of Columbia, Alaska, and Hawaii, but not to the insular possessions. The proposed amendment would extend the definition of the term "State", where used in these titles, to include Puerto Rico and the Virgin Islands.

The need for aid of this sort in those possessions is at least as great as in the States and Territories. It is demonstrable by figures that in the case of Puerto Rico the actual need per capita is very much greater than in any State of the Union. Puerto Rico has suffered particularly from legislation designed to benefit the American people as a whole, to the cost of which Puerto Rico has contributed, but the benefits of which were not applicable to its citizens. There seems to be no just reason for discriminating against these possessions. Indeed, because of their lack of representation in Congress, it seems to me that we should be particularly solicitous that they do not suffer economically through their lesser political status.

In the original economic-security bill, H. R. 4120, Puerto Rico was included among the "States" entitled to grants under the titles corresponding to titles I, IV, and V. In the present bill, H. R. 7260, Puerto Rico has been excluded and the amounts authorized to be appropriated have been somewhat reduced. The proposed amendment would restore the amounts authorized to be appropriated in those titles in the original bill, in order to make some provision for the needs of the island possessions.

I am advised by Mr. A. J. Altmyer, Second Assistant Secretary of Labor, on behalf of Miss Perkins, the Chairman of the President's Committee on Economic Security, that "the Committee on Economic Security has never given specific consideration to the question of whether the security legislation should cover the Territories and possessions of the United States", and that he believes, therefore, that I am free to make such recommendations on this subject as I deem proper.

In view of the urgent need for aid of this sort, so essential to social security in these possessions, I strongly recommend that this amendment be given favorable consideration.

I have transmitted to Senator HARRISON, as Chairman of the Committee on Finance, a similar letter advising him of the facts and recommending that this amendment be adopted. For your convenience, I am enclosing a copy of my letter to Senator HARRISON.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Amendments intended to be proposed by Mr. TYDINGS (by request) to House bill no. 7260, the social-security bill:

On page 2, line 5, to strike out "\$49,750,000" and insert in lieu thereof "\$50,000,000."

On page 19, line 23, to strike out "\$24,750,000" and insert in lieu thereof "\$25,000,000."

On page 25, line 6, to strike out "\$3,800,000" and insert in lieu thereof "\$4,000,000."

On page 30, line 13, strike out "\$2,850,000" and insert in lieu thereof "\$3,000,000."

On page 59, line 13, after "Columbia", insert a semicolon and the following: "and when used in titles I, IV, V (except section 531) and VI, the term 'State' includes, in addition, Puerto Rico and the Virgin Islands."

Mr. IGLESIAS. Mr. Speaker, the importance to the continental United States for having the social-security bill extended to Puerto Rico may readily be seen through the channels of our commercial intercourse.

The per capita purchases of Puerto Rico from the United States are higher than the combined per capita purchases of all Central and South American countries plus Mexico. In 1931 Puerto Rico ranked ninth in the world in value purchases from the United States and sixth in the world in total volume of trade with this Nation. The latest statistics just issued places Puerto Rico as the best customer of the United States in all Spanish-speaking countries. It ranks eighth in the world in total purchases from the United States.

Two-thirds of the profits derived from the 1,600,000 Puerto Rico consumers flow back and remain in the hands of continental business men. This, coupled with the great difference in prices of commodities between the island and the mainland, is a back-breaking burden, indeed, to the people of Puerto Rico. This difference is a consequence of the rise in the prices of commodities in the United States, a result of the operation of the major recovery acts. It represents an indirect taxation which we have estimated to approximate \$18,000,000 a year, exclusive of the usual revenues to the mainland.

I have been requested by representatives of the Puerto Rican Legislature to submit to the Congress and to the administrative authorities in Washington for their attention and consideration that when the legislation for the rehabilitation and social-security program become effective it be extended to Puerto Rico.

We feel and believe that Puerto Rico has the right to respectfully demand that its people be included in any social-security or rehabilitation plan contemplated for the several States of the Union.

The majority of people of Puerto Rico, as represented by the legislature, have the greatest confidence in the manifest fairness of the President and the Congress. The legislature and the people in general are extremely anxious to do their part in the prosecution of these projects, which are of so far-reaching a social and economic consequence, in order to assure the highest integration and coordination between the legislative and administrative authorities of the insular government and those of the Federal Government.

AMERICAN FEDERATION OF LABOR,
Washington, D. C., April 22, 1935.

Hon. SANTIAGO IGLESIAS,
Delegate from Puerto Rico,
House Office Building, Washington, D. C.

DEAR DELEGATE IGLESIAS: Enclosed you will find copy of a letter I have received from Mr. ROBERT L. DOUGHTON, Chairman of the Ways and Means Committee of the House of Representatives, in answer to mine calling attention to the omission of Puerto Rico from the social security bill.

Mr. DOUGHTON's answer is self-explanatory.
Very truly yours,

WM. GREEN,
President American Federation of Labor.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 19, 1935.

Mr. WILLIAM GREEN,
President American Federation of Labor,
Washington, D. C.

DEAR Mr. GREEN: Your letter of recent date was duly received, and I note what you say regarding the omission of Puerto Rico from the provisions of H. R. 7260, the social-security bill.

It is true that the original bill included Puerto Rico in some of the titles and was excluded in others, among which was the title dealing with unemployment insurance.

During the consideration of the bill in executive session the change was made so that the definition and treatment of Puerto

Rico would be the same as under our revenue laws, inasmuch as the bill contains provisions providing for income and excise taxes. This was done because Puerto Rico has its own tax law and does not pay any taxes into the Treasury of the United States.

The committee felt that this change should be made in view of the fact that many of the benefits provided in the bill were dependent in a great measure upon the tax features. It was felt that questions involved in this matter might be ironed out later.

I regret my delay in acknowledging receipt of your letter. Such delay has been due to the fact that my time has been almost completely taken up for the past few days in connection with the consideration of the bill in the House.

Yours very truly,

R. L. DOUGHTON, Chairman.

I want to quote from the address of the President some of the thoughts that are applicable to Puerto Rico as well as to the mainland, as follows:

We find our population suffering from old inequalities, little changed by past sporadic remedies. In spite of our efforts and in spite of our talk, we have not weeded out the overprivileged and we have not effectively lifted up the underprivileged. Both of these manifestations of injustice have retarded happiness. No wise man has any intention of destroying what is known as the "profit motive"; because by the profit motive we mean the right by work to earn a decent livelihood for ourselves and for our families.

In defining immediate factors which enter into our quest, I have spoken to the Congress and the people of three great divisions:

1. The security of livelihood through the better use of the national resources of the land in which we live.
2. The security against the major hazards and vicissitudes of life.
3. The security of decent homes.

Closely related to the broad problem of livelihood is that of security against the major hazards of life. Here also a comprehensive survey of what has been attempted or accomplished in many nations and in many States proves to me that the time has come for action by the National Government. I shall send to you, in a few days, definite recommendations based on these studies. These recommendations will cover the broad subjects of unemployment insurance and old-age insurance, of benefits for children, for mothers, for the handicapped, for maternity care, and for other aspects of dependency and illness where a beginning can now be made.

HOUSE OF REPRESENTATIVES OF PUERTO RICO,
San Juan, P. R., April 22, 1935.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
House Office Building, Washington, D. C.

DEAR SIR: The Legislature of Puerto Rico in its last session approved the concurrent resolution entitled:

"To petition the President of the United States of America, Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico, Hon. SANTIAGO IGLESIAS, to exert his good offices so that the Federal Government establish and maintain a national park in the municipality of Guanica in commemoration of the landing of the American troops for the first time in Puerto Rico, the year 1898, and for other purposes."

In accordance with the disposition of same I have the honor to send you herewith copy enrolled and signed of the above-mentioned concurrent resolution for the Honorable President of the United States, Franklin D. Roosevelt, and additional copy for Your Honor.

Respectfully,

ANTONIO ARROYO,
Secretary House of Representatives.

GOVERNMENT OF PUERTO RICO,
BUREAU OF TRANSLATIONS,
San Juan, Puerto Rico, April 8, 1935.

George W. Roberts, chief of the bureau of translations of the Legislature of Puerto Rico, hereby certifies to the Governor of Puerto Rico, and Luis A. Deliz, assistant chief of the said bureau, certifies to the president of the Senate and to the speaker of the House of Representatives of Puerto Rico, that each of them has duly compared the English and Spanish texts of a certain act (H. C. R. 9, reconsidered) of the third session of the Thirteenth Legislature of Puerto Rico, entitled "Concurrent resolution petitioning the President of the United States of America, the Honorable Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico in Washington, the Honorable SANTIAGO IGLESIAS, to use his good offices to the end that the Federal Government may establish and favor a national park in the municipality of Guanica to commemorate the arrival of the American troops in Puerto Rico for the first time, in the year 1898, and for other purposes", and finds that the same are full, true, and correct versions of each other.

GEO. W. ROBERTS,
Chief, Bureau of Translations.

Concurrent resolution petitioning the President of the United States of America, the Honorable Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico in Washington, the Honorable Santiago Iglesias, to use his good offices to the end that the Federal Government may establish and favor a national park in the municipality of Guanica to commemorate the arrival of the American troops in Puerto Rico for the first time, in the year 1898, and for other purposes

Whereas the American troops landed for the first time at the port of Guanica on July 25, 1898, that date marking the most fundamental transformation in the political, economic, and social development of the island of Puerto Rico;

Whereas with the invasion of the American forces, Puerto Rico passed from the Spanish monarchy to enjoy a new era of progress under the Stars and Stripes;

Whereas it is logical, natural, and human to consecrate that spot as an historical relic so that future generations may meet there to recall such a glorious epoch;

Whereas the people of Puerto Rico, because of the acute crisis through which it is passing, has no resources for undertaking such an extensive work;

Whereas under the rehabilitation plan put in force by the highest magistrate of the American Nation, work could thus be given to hundreds of workmen, paid with funds appropriated for the Puerto Rico Emergency Relief Administration: Now, therefore be it

Resolved by the House of Representatives of Puerto Rico (the Senate of Puerto Rico concurring):

First, To petition the President of the United States, the Honorable Franklin D. Roosevelt, as he is hereby petitioned, through the Resident Commissioner in Washington, to use his good offices to the end that the Federal Emergency Administration established in Puerto Rico proceed immediately to prepare the necessary land in the town of Guanica and to establish thereon a national park and raise a monument in commemoration of the landing of the American troops in Puerto Rico for the first time.

Second, That copies of this resolution be sent to the Resident Commissioner of Puerto Rico in the United States of America.

RAFAEL ALONSO TORRES,
Speaker House of Representatives.
R. MARTINEZ NADAL,
President of the Senate.

A REPUBLICAN REPLY TO ROOSEVELT

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a speech by my colleague the gentleman from New York [Mr. FISH] over the radio on last Wednesday night.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McLEOD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. HAMILTON FISH, Jr., of New York, at Buffalo, N. Y., May 1, 1935:

Of all the speeches or statements ever made or issued from the White House by a President of the United States, regardless of party affiliations, that made over the radio Sunday night by President Roosevelt is the most misleading and is the all-time high-water mark of sheer propaganda in the new-deal administration famous for its intense, variegated, and extensive propaganda. For 2 years the American people have been dominated by propaganda, largely emanating from hundreds of paid publicity agents on the Government pay roll—in other words, paid out of the Treasury of the United States—to prepare and get out propaganda in defense of the new-deal policies every hour of the day and night in the press and over the radio. The people back home have been literally swamped and overwhelmed by this inspired partisan ballyhoo, to the effect that Roosevelt and recovery were synonymous.

The Lord only knows that every American is anxious for recovery and the reemployment of 11,000,000 loyal and industrious wage earners who are now walking the streets looking for jobs. The people elected President Roosevelt because they wanted a change in the midst of the depression, and you cannot blame them for that. Furthermore, they wanted President Roosevelt to succeed and hoped that the new-deal policies would restore confidence and put American men and women back to work. For the first 3 or 4 months the present administration gave every appearance and assurance of success. Ninety percent of the American people looked upon the President as a Moses almost divinely sent to lead us out of the economic wilderness. Then, all of a sudden the President began to repudiate, one after the other, the main planks of his party platform; a reduction of 25 percent of the running expenditures of the Government; sound money to be preserved at all hazards; to stop borrowing and deficits; reduction in the number of commissions; and, finally, a balanced Budget.

Within 6 months he brought to Washington a lot of radicals, Socialists, and near-Communists who had never been affiliated with the Democratic Party before, and placed them in key positions in the Government service. He then inaugurated a series of unsound, radical, and socialistic measures that have all but destroyed

business confidence, increased unemployment, impoverished the people, devoured our resources, and impaired the national credit.

For the first 2 years the people hoped against hope that these alien new-deal policies of regimentation, collectivism, and State socialism would succeed and put people back to work. That is the big issue, and if these imported foreign forms of socialism had restored confidence and jobs, even at the cost of \$15,000,000,000, no Republican could afford to criticize or condemn them.

The only thing that counts in war is success in battle, from the moment a soldier puts on a uniform and takes up his rifle. So, the test of the new-deal measures is their success in employing labor upon American standards of wages and living. The deplorable facts are beginning to trickle through the mass barrage of propaganda to the people back home that there are a million and a half more unemployed than a year ago, according to the nonpartisan figures of the American Federation of Labor, and that instead of Roosevelt being synonymous with recovery, the new-deal measures have broken down and are tragic failures, retarding recovery, prolonging the depression, and bringing distress and devastating debts upon the people and the country.

The time has come to tell the truth and let the chips fall where they may. I do not offer any apology for presenting the facts to the people back home and differing from the President on numerous points and statements. There are some staunch upholders of the new deal—I purposely do not say the old Jeffersonian Democratic Party that believed in free speech and free institutions—who seem to think that it is a form of treason to tell the truth and that the American people back home are not entitled to the facts. It is not only the right, but the duty of the Republican Party to expose the failure of these unsound, unworkable, and socialistic new-deal policies and experiments, and, in spite of the honeyed words, fireside chats, and mass propaganda to show without fear or favor that the only way to restore business confidence in America is by applying sound American principles and stop experimenting at the expense of the people and increasing unemployment.

I would not go on the radio this evening, except that when the President speaks he is listened to by many millions of people, and it would be an act of cowardice and stupidity if some Republican in Congress did not challenge some of his definite assertions and comment on them. The radio audience may go weeks or months without hearing the other side, and public opinion may be formed on statements left unchallenged.

Let us begin at the beginning of the President's message, when he stated: "The administration and the Congress are not proceeding in any haphazard fashion in this task of government." Why, that is one of the main objections to the new deal and to Congress, which has surrendered its legislative powers and control over the purse strings, betrayed representative government and left itself no more constitutional power than Gandhi has clothing. Both the administration and the Congress have become a mad-house, attempting one radical experiment on top of another, on the basis of expediency and not experience, without any general plan for actual recovery but a multitude for piling debt upon debt and borrowing billions, more billions, and still more billions without any thought of extinguishing the debt and the inevitable day of reckoning, of ruinous inflation, chaos, bankruptcy, and repudiation.

The President further stated: "The objective of the Nation has changed in the last 3 years. Before that time individual self-interest and group selfishness were paramount in public thinking. The general good was at a discount." That assertion should take first prize at a commencement-day exercise in a kindergarten. Yes, Mr. President, it is just great and we are all for it, but what about the swarms of Democratic national committeemen who descended on Washington like bees after honey until even rebuked from the White House? What about the crowded hotels filled with deserving Democrats, lobbyists, selfish interest, and special privilege, all looking for bigger and better hand-outs from the people's money? There is an orgy of "squandermania" prevalent in Washington and not protected by civil-service regulations, which national Chairman James Aloysius Farley and the pure new-deal administration has wiped out.

We are in the midst of a government of subsidy, by subsidy and for special groups and selfish interests beyond anything that has ever existed in the history of the Republic. Shades of Calvin Coolidge and Thomas Jefferson!

I quote the President again: "For the first time in 5 years relief rolls have declined instead of increased during the winter months." In this connection the President conveniently omits figures. The official relief estimates of the F. E. R. A. in January were 20,670,000—an all-time high—February 20,523,000, March 20,440,000, a slight decrease due probably to the seasonal pick-ups in the Southern States. The President forgot to state that a year ago there were only 13,539,000 on relief, and two million on the C. W. A. projects, a tremendous increase in 1 year.

Then the President says that: "Many million more people have private work today than 1 year ago today." The figures of the American Federation of Labor, a nonpartisan organization, as stated before, deny and refute this assertion of the President. In fact, after the colossal expenditure of over \$10,000,000,000 to try to create jobs there are over a million more unemployed on private work than a year ago.

The President repeated his request for the extension of the N. R. A. without suggesting limitations. This once holy and sacred institution above reproach is being condemned by Demo-

crats, such as Senators Glass, Byrd, Tydings, and King, Governor Talmadge, of Georgia—practically the adopted State of the President—former Secretary of State Bainbridge Colby and I could also refer to HUEY LONG, but he has a habit of speaking for himself. All of these prominent Democrats have joined the swelling chorus in repudiating the N. R. A. as a failure and demanding that it be wiped out or be drastically modified, keeping the minimum-wages and maximum-hours and child-labor provisions. It is not necessary for a Republican to point out that the N. R. A. has hampered and harassed industry and all but strangled the small business man. The Blue Eagle has become a Soviet vulture, backed by force and coercion, spies, enforcement agents, and jail sentences.

In referring to the public-utility holding-company legislation, the President said: "I consider this legislation a positive recovery measure." There is apparently a difference of opinion between the point of view of the President and the insurance companies who own millions of these securities, as do innumerable American investors, who are fearful that they will be wiped out. The President goes on to say "even more significantly, it has given the country as a whole an uneasy apprehension of overconcentrated economic power." Paraphrasing that statement, I can appropriately say that "the country as a whole is uneasy because of the growing and overconcentrated powers of the Chief Executive."

The President asks for the immediate passage of the centralized banking bill, which is another step toward state socialism and in defiance of every Jeffersonian principle. It places additional power in the hands of the Federal Reserve Board, the Secretary of the Treasury, and the President, to control currency, credit, and the banks, and makes the Federal Reserve System subject to political control. Lenin said that the first step to communism is the nationalization of banks, credit, and currency, and the new banking bill has some of these aspects and earmarks. Professor Kemmerer, of Princeton, said: "I have been trying to find what the financial policy of the Democratic Party is for the last years, and have been unable to do so", and then added, "It is like trying to nail a custard pie to the wall. It just does not stick."

The President concluded his radio speech by saying that he "felt so unmistakably the atmosphere of recovery", and goes on to add: "It is the recovery of confidence in our democratic processes and institutions." Where is this confidence in recovery? What is needed is confidence, more confidence, and still more confidence—yet there is none. There is no single word of encouragement to business, to employers of labor, or to American investors. The President continues to harp on reform and trample on private business.

The restoration of business enterprise is essential to the reemployment of American wage earners and is being held back by lack of confidence and Government control. But the President refuses to give any figures on the mounting national debt or to face the problem of new taxes or balancing the Budget.

Where is the confidence referred to in the democratic institutions? The President is apparently obsessed with the idea of power. No longer emergency or temporary but permanent, autocratic, and dictatorial. The Congress has turned over to him the making of tariff schedules, power to regulate money, control of the purse strings and appropriations, and now control of banks, credit, and the wealth of the country, including the people's money—not Democratic money, not partisan money, but that of the American people.

Our separate powers of government have been scrapped for a beneficent dictator in the White House, without the consent or approval of the people.

The President said that it was necessary to go outside of Washington to get a picture of what is going on. He has to go to sea on a palatial yacht so as to understand what the people are doing and thinking. He said that Washington is the worst place to get a view of the country as a whole, in spite of the fact that the whole country is being run from Washington. Yet the President must go fishing or to the fine little Republican town of Hyde Park, in my congressional district, which long ago made up its mind that the new deal was a failure and means nothing but high cost of living, debts, deficits, taxation, borrowing, and an unbalanced Budget, confidence destroyed, and American labor unemployed.

Americans as a whole are feeling a lot better, a lot more cheerful than for many years, so the President says. Such a statement would be humorous, if it were not actually so terribly tragic and pathetic, out of the mouth of the President. Ask the 20,000,000 Americans on relief and the 11,000,000 unemployed. Ask the recent employees in the textile mills of New England and the South, who have been forced by the free-trade policies of Secretary of State Hull, for the benefit of Japanese labor paid 20 cents a day, to join the army of unemployed. Ask the share-croppers, tenant farmers, and those formerly employed in picking, ginning, transporting, and shipping cotton to our lost foreign markets. Ask the skilled labor formerly employed in the construction industry and in durable goods. Ask the American housewives, who are struggling to balance their budgets against the increase in the cost of living on foodstuffs and necessities of life, due to destruction of crops, birth control of pigs, and the new-deal program of scarcity.

Where, oh where, Mr. President, is this spirit of cheerfulness, when fear and uncertainty pervades the land under the new-deal experiments that have increased unemployment and lowered the standard of wages and of living for the American people?

BANKING ACT OF 1935

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman and members of the Committee, I do not expect to be able to say anything new at this late hour on the bill. As has been frequently said, title I deals with deposit insurance.

From 1921 to 1933 there were 15,000 bank failures in the United States, and with these failures various disastrous consequences came to the depositors of the country.

By reason of that fact there was an insistent demand throughout the country for some kind of legislation to protect the bank deposits. The condition had become such that in March 1933 there was a bank holiday. All the banks were closed, and in a short time some were able to open, others opened with restrictions, and by means of the addition of private capital, with the aid of the Reconstruction Finance Corporation they were able to open up and resume bank operations. Others fell by the wayside, and have been or are being liquidated.

As a result of the demand of that time the banking legislation of 1933 was enacted creating a bank-insurance policy in this country. We provided a permanent policy—provided for the creation of a corporation with stock which should be subscribed from three different sources. The United States itself was to take \$150,000,000, the Federal Reserve banks were to take an amount equal to one-half of their surplus as of January 1, 1933, which in round numbers amounted to \$140,000,000, and the insured banks were to take the balance of the stock, which if all were insured would amount to \$175,000,000 or \$200,000,000. That provided a corporation with a capital stock in the neighborhood of one-half billion dollars.

Now, this bill provides for a continuance of the capital set-up as it is; none of the insured banks have subscribed for any of the stock.

This act provides that the capital shall remain \$150,000,000 by the United States, \$140,000,000 by the Federal Reserve banks, and so this is the capital stock of the corporation provided for in this act.

This act changes the general policy from a stock subscription to an assessment plan. During the last 70 years, according to the hearings we had, the losses amounted, on account of commercial-bank failures in this country, to about one-third of 1 percent of the total deposits, and it is significant to know that half or two-thirds of the entire loss during the period of 70 years occurred in the 4 years preceding June 1934.

This act fixes the assessment at one-eighth of 1 percent of the total deposit liability of the insured banks.

It is estimated that that will bring in a fund of approximately \$50,000,000 annually.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. GOLDSBOROUGH. Will the gentleman inform the committee what the assessment was when the bill was first submitted to the committee?

Mr. WILLIAMS. When it was first submitted to the committee this bill provided for an assessment of one-twelfth of 1 percent, with the power and authority to reduce that assessment. Now, the committee considered that matter very carefully and reached the conclusion that one-eighth of 1 percent was a reasonable requirement; not only reason-

able but necessary. It must not be forgotten that under the present law, if it went into effect and was not changed, the insured banks would have to subscribe to the stock of this corporation to the extent of one-half of 1 percent, and then be liable, in addition to that, to whatever assessment was necessary. Some of the banks of the country have objected to this assessment of one-eighth of 1 percent. The committee has felt that that, to say the least, is a reasonable assessment and a necessary one. Not only that, but you all know, as a matter of common knowledge, and it is a matter of evidence in our hearings, that the banks of this country, under the direction of the Federal Reserve order and the Insurance Deposit Corporation also, have reduced the interest that they paid on time deposits. Not only that, but they are absolutely failing to pay any interest at all under these orders on demand deposits. By reason of that action the banks of this country last year saved at least two or three hundred thousand dollars at the expense of the depositors.

Mr. STEAGALL. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. STEAGALL. The gentleman is making a splendid statement. However, the hearings disclose that the saving to the banks, through the operation of the provisions of law denying them the right, or permitting them to pay interest on demand deposits, amounts to more than \$500,000,000. That is the repeated testimony before the committee.

Mr. WILLIAMS. I thank the gentleman. In view of that fact, it comes with very poor grace from the banks of this country to object to an assessment of one-eighth of 1 percent annually not only to take care of the current expenses and losses during normal times but it is hoped and expected to build up a reserve sufficient to take care of losses under abnormal conditions, during depressions and times of stress and strain.

As you all know, the insurance under title I is limited to \$5,000. It has been stated, and I want to state it again, that that will insure about 98 percent of the depositors. It will insure 44 percent of the entire deposits in the insured banks. I want to add this to that statement: According to the last report of the Federal Insurance Deposit Corporation—I do not think it is a matter of record, but according to its report, an insurance of \$5,000 on deposits will insure 80 percent of the deposits in over 9,500 banks of the country and will insure 75 percent of the deposits in over 12,000 banks. So it is seen that this provision will not only insure practically all depositors but it will also insure a large percentage of deposits in a great number of banks throughout the country.

There is another vital thing in connection with title I which I did not intend to discuss at all, but since it seems that there is a move on foot to try to amend this act, requiring membership in the Federal Reserve System as a condition precedent for membership in the Insurance Corporation, I want to say a few things about that. It has been a strange thing to me that just as soon as we have insurance of bank deposits the question arises that in order to secure the benefits of that a bank must be a member of the Federal Reserve System. We have had the Federal Reserve System in existence for over 20 years. During that entire time less than 1,000—I believe 960 banks in this country have seen fit to come into the System. There are approximately 9,000 banks outside of it. I am not opposed to a bank coming into the System. It may be helpful in the long run. It may help to control the monetary system and credit policy of this country to have them all members of one system; but I will tell you what I do object to: I am absolutely opposed to using the Federal Deposit Insurance Corporation as a club over the heads of the nonmember banks of this country; to beat them into the Federal Reserve System against their will and over what they consider to be their best interests. That is not right, but yet it has been linked up with the insurance proposition ever since the question has been before the Congress. Now, if it is indispensable, if it is necessary, if it is important that all the banks of this country become members of the Federal Reserve System, then let us join the issue on that and that alone. Let it stand upon its own

merits. If that is necessary and indispensable, let us fight it out; but let us not join it in with a measure here which seeks to give insurance to all banks alike.

Under the present law, you understand, all nonmember banks must come into the Federal Reserve System on or before July 1, 1937, or get out of the Insurance Corporation. Every time that measure has been submitted to Congress during the last sessions, the House has voted almost unanimously to permit nonmember banks to join the Insurance Corporation without being members of the Federal Reserve System. The provision has been put in over at the other end of the Capitol and in conference. I am not criticizing them for that, but it is a fact that that is true.

Now, our friends talk about some of these small nonmember banks being unstable and unsound. It may be freely admitted that during the last decade and a half many small banks were organized in communities where resources were not sufficient to justify the organization of a bank, and some of them, by reason of bad management, were not able to prosper.

Mr. ASHBROOK. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. ASHBROOK. Have not those banks been all squeezed out by this time?

Mr. WILLIAMS. Yes. I was just coming to that. There is no question about that. Sometimes the insinuation has been made that some of the smaller banks have not been safe and sound. As suggested by the gentleman, during the last 10 years all those unnecessary and needless banks—and it may be freely admitted that there were such—and those that came under bad management, have passed entirely out of the picture, and they are out of it now. But in behalf of the smaller banks of this country, coming as I do from a rural community, a district of small towns, let me say that there are thousands of small banks throughout this Nation that are just as sound and safe, within the limits of their commitments and within the scope of their activities, as the largest banks in the big cities. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. COLDEN. Like the gentleman, I, too, have had some experience in farming communities. Is it not a fact that the knowledge the banker in a small community has of his client insures greater safety for that small bank than is found in the average city bank which deals largely in stocks or bonds, and investments of that type?

Mr. WILLIAMS. There is no question but what the gentleman from California is right. Some of the safest banks in the country are the smaller banks. Mere bigness does not make a safe bank; and, for that matter, the most disastrous and devastating consequences that have come to this Nation have been by reason of the failure of the big banks rather than small banks. It comes with poor grace from the spokesman of the big banks of this country to talk about the failure of the small banks. There are other reasons why small banks fail. I will now discuss them.

There were two prime factors or conditions that figured in the failure of many small banks that otherwise should and would have weathered the storm. The big banks were not subjected to either of these blighting and devastating conditions or causes. One condition was brought upon the small banks by the deliberate and willful action of the big banks in violating every confidence and betraying every trust. The other factor was largely political and the small banks could not command the necessary influence. The big banks were able to extricate themselves from the difficulty by their unconscionable imposition upon the smaller banks and by political pull and power.

Let us now look at banking conditions from 1921 to 1933 and see why there was, perhaps, a larger percentage of failures among small banks. The large institutions during that period were not so much concerned about how many farm mortgages were foreclosed; how many home owners lost their homes or how many small banks failed. During

that time the big banks were engaging in international transactions and were obsessed with the idea that prosperity was unbounded, that the accumulation of excess profits in the hands of a few men was unlimited; that wealth and ease could be attained by speculation. During that same period the banks in the smaller communities were bearing the burdens and subjected to the strains placed upon them because of depressed prices of farm products, and the plight of many small industries. They were not able to make themselves heard. These things were not heeded by the big concerns. But in 1931 when they awoke to find themselves in danger, when they found out that their backs were to the wall, when they realized that they had been living in a fool's paradise, it was then that they threw up their hands and shouted that the Government must save them in order to preserve the financial structure of the Government. They were the crew that scuttled the ship and then deserted it. When the storm clouds were darkest and thickest and the danger greatest, they were the ones who scurried to shelter. It was then that they came to the administration and Congress with the plea that a Government agency must be established to save them. As a result, the Reconstruction Finance Corporation was created. The Treasury of the United States was opened to them. Not to help the small banks or the people but to save the big banks. Even when loans were made to smaller banks, the funds were used to pay off their obligations to the larger ones and not to help the community. If the Government had not come to their relief there may have been a larger ratio of failures among the big banks. The small banks could not bring the political pressure to bear and could not get the aid when they were needy and languishing. In the face of that record, it now ill becomes the spokesmen of big banks to cast aspersions upon the smaller ones.

There is one other thing that should be said. During the wild orgy of investment and speculation, the smaller banks were looking to their correspondent banks for advice and counsel in making investments, just as has always been true. The larger concerns by reason of their wider experience and because of their closer contact with the financial and industrial leaders of the Nation and those in charge of governmental policies were in a position to know the real value of securities better than the country banker. During those days the big bankers betrayed every trust and confidence and unloaded upon the smaller ones all the depreciated bonds and worthless paper that was possible. Under those conditions, is it any wonder that we had a large number of failures among the small banks?

They ask about the number of failures; they ask if there have not been more failures in nonmember banks than among member banks of the Federal Reserve System. Naturally so, because there are 10 times as many nonmember banks. During the 20 years the Federal Reserve System has been in existence, as I stated a while ago, less than 1,000 banks have come into the System. At this point, Mr. Chairman, I wish to insert in the RECORD as a part of my remarks, a list showing the number of State-insured banks of this country by States and showing the number of those banks that are in the Federal Reserve System and the number that are nonmember banks. Three States in this Nation have not a single reserve bank within their borders. I am now talking, of course, about State-insured banks, not national banks; not a single reserve bank is to be found within the confines of three of the States of this Union.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. COLDEN. Will the gentleman explain briefly the cause for the reluctance of the small bank to become a member of the Federal Reserve System?

Mr. WILLIAMS. There are a number of reasons for that reluctance, in my opinion. In the first place, it requires an investment in the stock of the Federal Reserve System. In the second place they were seriously handicapped and hampered by the exchange rates they are able to charge and which is a material source of income to the small banks. In the third place they were afraid of being continually

harassed by continual examinations by a board located here in Washington. In my judgment, these are the three contributing causes for the small banks of this country not coming into the Federal Reserve System in greater numbers.

I started to give a short account of the systems that exist now and I said there are 3 States that do not have a single Reserve bank in them. There are 2 other States that have but 1 Federal Reserve bank each; there is 1 State that has 2; 2 States that have only 3; 6 that have only 4; while Illinois heads the list of States having the most nonmember banks with its 507; and my own State of Missouri comes second with 493. I will insert this list in the RECORD in connection with my remarks so you can see for yourselves, if you want to take the time to look at it, how few member banks there are in your individual States. For this reason I say that they should not be required to come into the Federal Reserve System in order to enjoy the benefits of this deposit-insurance fund.

Table showing the number of insured State banks that are members and nonmembers of the Federal Reserve

Name of State	Number of State banks members of Federal Reserve	Number of State banks not members of Federal Reserve
Alabama.....	18	120
Arizona.....	4	3
Arkansas.....	7	155
California.....	16	108
Colorado.....	5	58
Connecticut.....	6	49
Delaware.....	4	24
Florida.....	4	92
Georgia.....	25	177
Idaho.....	10	25
Illinois.....	64	507
Indiana.....	6	362
Iowa.....	25	427
Kansas.....	14	225
Kentucky.....	10	284
Louisiana.....	4	113
Maine.....	6	20
Maryland.....	7	114
Massachusetts.....	24	40
Michigan.....	79	262
Minnesota.....	17	423
Mississippi.....	3	174
Missouri.....	51	498
Montana.....	20	52
Nebraska.....	9	232
Nevada.....	0	3
New Hampshire.....	1	4
New Jersey.....	52	102
New Mexico.....	3	14
New York.....	117	193
North Carolina.....	10	183
North Dakota.....	0	125
Ohio.....	71	356
Oklahoma.....	1	176
Oregon.....	6	43
Pennsylvania.....	73	296
Rhode Island.....	2	2
South Carolina.....	4	74
South Dakota.....	23	125
Tennessee.....	4	239
Texas.....	54	307
Utah.....	19	26
Vermont.....	0	33
Virginia.....	24	163
Washington.....	27	93
West Virginia.....	18	72
Wisconsin.....	13	483
Wyoming.....	8	26

Mr. CARPENTER. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. CARPENTER. Can the gentleman give me any assurance, at least so far as he is concerned, that should the Senate write into this bill a provision requiring nonmember banks to come into the System by 1937, that the conferees on the part of the House will make a determined fight to eliminate such provision from the bill?

Mr. WILLIAMS. I can give the gentleman no assurance on that, because I am not one of the conferees and will not be; but I can tell him that, so far as I am concerned, and so far as my attitude in the past has been, I will join him along with the rest of the Members of this House, if we can get a majority, in holding out against any provision which requires admission into the Federal Reserve System in order to secure the benefits of deposit insurance. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield further?

Mr. WILLIAMS. I yield.

Mr. COLDEN. I would like the gentleman's opinion as to the depositor's viewpoint. Would the depositor be more secure if his bank were a member of the Federal Reserve System?

Mr. WILLIAMS. I do not think so. I do not see any reason why he should be. There is this one fundamental principle involved; and before this debate closes I would like for some Member, the advocate of a unified banking system, some Member who has insisted upon forcing these nonmember banks into the Federal Reserve System, to show some reason why a bank that is sound, a bank that has back of it a history of approved and successful banking operations, a bank whose capital is sufficient with reference to its liabilities, a bank that is rendering a splendid service to the community in which it is located, a bank that has bright prospects for future earnings—to show some sound reason why such a bank should not be admitted to the Deposit Insurance Corporation independent of whether or not it is a member of the Federal Reserve System. This question never has been answered to my satisfaction.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. GIFFORD. I am in perfect accord with the gentleman's argument, but I would like to ask him again if the monetary authority set up in title II would not be vastly damaged, practically wrecked so far as cooperation in certain States is concerned, if the Federal Reserve Board has no authority over them in carrying out this monetary plan, if the gentleman's theory prevailed?

Mr. WILLIAMS. Oh, I think not at all, because of the great army of these nonmember banks, small banks located in the small communities of this country which, the gentleman knows, do not exercise any influence or control over the monetary system or the credit policy of this Nation at all.

The fact that they are simply not members of the Federal Reserve System will make no difference at all so far as that principle is concerned.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. The gentleman knows that not one bank in the United States closed by reason of having reserves in the Federal Reserve banks?

Mr. WILLIAMS. Yes.

Mr. BROWN of Michigan. Because they received 100 cents on the dollar.

Mr. WILLIAMS. That is right.

Mr. BROWN of Michigan. A great many banks were closed because they were nonmembers of the Federal Reserve System and did not have their reserves in Federal Reserve banks, but had them in city correspondent banks in the larger cities.

Mr. WILLIAMS. That is true. Right in that connection, when they talk about the number of banks that failed, I have no available figures, but I will tell you what I do have—and I want the Members to take note of this. When the banks closed and it became necessary to build up their capital structure in order to enable the banks of this country to open and to become members of the Insurance Corporation, what happened? It took a billion and a half dollars in private capital and R. F. C. funds to revive those banks and put them in shape so that they could open and carry on their business activities and become members of the Deposit Insurance Corporation.

Mr. Chairman, what is the fact about the matter? How much money did it take to build up the capital structure of those banks that were members of the Federal Reserve System? It is known that all national banks are members. They must be members. It took \$465,000,000 from the Reconstruction Finance Corporation to build up the national-bank structure of this country, and in addition to that it took \$238,000,000, to say nothing about the capital that was subscribed by private industry, to build up the member banks,

which numbered only 960. It took \$703,000,000 of the funds of the Reconstruction Finance Corporation to put them on their feet in order to get them going and make them members of the Insurance Deposit Corporation, referring to the member banks of our banking system, while, on the other hand, for 7,800 nonmember banks it took only \$265,000,000, which was about one-third. In other words, with one-third the capital we revived more banks outside the System than we did in the System. To my mind, that is one of the strongest arguments that mere membership in the Federal Reserve System does not make a bank sound and keep it sound.

Mr. COLDEN. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from California.

Mr. COLDEN. In the farming towns probably the most secure assets of the banks are real-estate securities, mortgages, and deeds of trust. May I ask if the gentleman is satisfied with the provisions of this bill, which permit the use of real-estate securities for Federal Reserve collateral?

Mr. WILLIAMS. I am satisfied with that feature, and I will be glad to discuss that very question briefly.

Under this bill, subject to rules and regulations of the Board, banks may make real-estate loans to the extent of 60 percent of the appraised value thereof, and each bank may make an aggregate of such loans to an amount equal to the capital and surplus, or 60 percent of the time deposits of such bank, whichever is greater. This is one of the most valuable provisions. There are thousands of small banks whose time deposits are almost if not quite as large as their demand deposits. If these banks are to continue in operation, they must loan on real-estate securities. The banks in turn, in case of need, must be able to secure loans on these real-estate mortgages as security, and that is provided for in this bill. It may be an ideal situation to have commercial and investment banking separated, but as a practical proposition that is impossible in rural communities where both activities are necessary to maintain the banks. These real-estate loans should be amortized over a long period of time, upon reasonable terms and the lowest rate of interest possible. When that is done real-estate loans will be the best and soundest, and the provisions of this bill will help remove the log jam in the current of real-estate securities.

Mr. MARTIN of Colorado. The gentleman has made a most astonishing statement in regard to the relative soundness of the member and nonmember banks of the Federal Reserve System. I am wondering what caused that condition.

Mr. WILLIAMS. Well, I do not know the cause. However, if I have the time, I will be glad to explain some things in connection with that matter.

Mr. MARTIN of Colorado. Could the gentleman put the information in the Record in an extension of his remarks?

Mr. WILLIAMS. I will.

Mr. DARDEN. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Virginia.

Mr. DARDEN. The gentleman referred a few minutes ago to preferred stock which the Reconstruction Finance Corporation had acquired in various banks. Is it not true that a great deal of this stock was not needed, but was taken at the request of the Reconstruction Finance Corporation?

Mr. WILLIAMS. I think perhaps some of it was not needed.

Mr. DARDEN. I know of several banks that had no need for it.

Mr. WILLIAMS. I think the gentleman is correct. Some of this stock was taken where it was not necessary, but the overwhelming amount, in my judgment, was used to build up a weakened bank structure in this country, and this applies, as I say, to member banks as well as nonmember banks.

Mr. DARDEN. Is it not a fact that a great deal of this money has subsequently gone into Government bonds?

Mr. WILLIAMS. In the case of those banks that took it, no doubt that is true.

Mr. DONDERO. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. DONDERO. Can the gentleman inform the House by way of comparison the amount of money involved be-

tween the nonmember banks that only required the \$265,000,000 and the member banks that required \$760,000,000?

Mr. WILLIAMS. Does the gentleman have reference to deposits?

Mr. DONDERO. In size and amount of business.

Mr. WILLIAMS. Of course, most of them were smaller banks, but the number that served communities throughout the country were infinitely more. I do not mean, of course, to infer that membership in the Federal Reserve System is an element of weakness. I am not opposed, I say again, to any bank entering the System if it wants to come in, and it is entirely desirable in my opinion.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. WILLIAMS. Mr. Chairman, I started to say a while ago there are those who believe that there is still a useful place in the community for an independent unit bank whether it is a member of the Federal Reserve System or not. A bank whose officers, directors, and stockholders live nearby. They are men who own their homes and pay taxes. Men who know the community and are interested in its growth and development. Those who know the needs and the financial responsibility of the bank's patrons. Those who are familiar with home and farm values. Those who are posted on industrial and business conditions there. Those who know the moral risks and who are acquainted with the indigent and the shiftless as well as the active and the thrifty. The men who contribute to the schools, the churches, and to charity. Those who belong to the lodges and the civic organizations. Those who are in the vanguard fighting the battle for every material improvement and advancement and for every cause that means better education, higher moral standards, civic betterment, a truer fellowship, and a better life. It is unthinkable to replace such an organization that is the very foundation and the back log of community life with a mere mechanism man, the clerk of a branch bank, the chief of which may be hundreds of miles away, and that knows nothing and cares less about the community. Still, that is the condition to which we are coming if we drive out of the community these small banks by compelling them to go into the Federal Reserve System. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield at that point?

Mr. WILLIAMS. Yes.

Mr. COLDEN. The gentleman has described very accurately a situation that already exists in California under our chain-banking system.

Mr. WILLIAMS. Yes; I am pleased to have that contribution from the gentleman.

I had hoped briefly to discuss title II. If the Congress is ever going to recognize its duty to coin money and regulate its value, there must be established some central board somewhere that has control of the expansion and contraction of currency and credit in this Nation. You cannot delegate this authority to a divided commission. The Federal Reserve banks of this country, the individual banks, cannot do it. They ought not to do it. I am one of those who believe that when it comes to the question of a monetary policy and credit administration, this authority must be vested in a Governmental, central agency somewhere. [Applause.] I do not care what you call it, a Federal reserve board, a monetary authority, or a monetary commission, the power must be placed somewhere, and title II of this bill increases the powers of the Federal Reserve Board and places upon it the duty, so far as a monetary policy and a credit administration can do it, to stabilize industry and prevent fluctuations in the general level of production, trade, prices, and employment. This is the goal.

I know there are those in this body who think there are too many powers delegated to the Federal Reserve Board under this act. There are those who think that there are not enough powers granted. All this controversy, Mr. Chair-

man, revolves around the question of the board, the commission, or the committee that has these powers.

If we could all agree upon the constitution of this Board, how it should be appointed, what powers it should have, and, above all, what is its objective or what is its goal, we would have the question solved; but right there is where we do not agree. Some of the very men who express the fear that there is too much power placed in this Board would place the same power in a private, chartered corporation like the Bank of England.

This authority, in my judgment, has got to be vested in one central body and that body, so far as I am concerned, should be a body representing the Government and the interests of the entire people of this country rather than to be controlled and influenced by any group of private bankers or business men. [Applause.]

There is no use of my arguing with any man who does not believe in placing the monetary policy and the credit administration of this Nation in the hands of a central body. There is where it must be, according to my judgment.

There is one peculiar thing about the money question, and that is, the absolute, positive, but widely divergent views that exist. You may take men who are economists and financiers. You may take the professors in our great colleges, the men who have lectured to their classes, the men who have made speeches throughout the country, the men who have written books, the men who have given their lifetime to a sincere and honest study of the money question, and they will arrive at exactly opposite poles. You may take the men who are in the business world, men who have managed banks, men who have been in charge of our big financial institutions, able business men, and their views about the money question are just as wide apart as the views that some of us entertain or, perhaps, the views of the soap-box orator, who expounds his philosophy and his views from the street corner. This is a strange thing.

There are those who believe that the powers granted here do not go far enough. There are those who believe they should place the power in the hands of this Board to engage in open-market operations in the purchase and sale of gold. There are those who believe it should have the power to issue currency direct. There are those who believe it should have the right to devalue the gold dollar and determine the amount of grains in the gold dollar. On the other hand, there are those who believe that the power granted here is too great.

The main powers that are granted here under title II to the Federal Reserve Board are the right to establish and proclaim and, if you please, enforce an open-market policy and in the second place to determine the rates of interest that shall be charged by the Federal Reserve banks and, finally, the reserves that shall be maintained by the member banks.

These are the levers of control provided in this bill to expand and contract currency and credit in the Nation.

Now, I need not discuss the manner in which they will operate. Everyone knows that if there is a stringency in the money market and if there is a demand from industry and commerce for more currency and credit, it will be the policy of the Board to buy bonds and other eligible securities and put money out on the market, making it available, and at the same time making the rate of interest as reasonable as possible and lower the reserves in the banks so that credit and currency may be made available to the legitimate demands of industry, commerce, and agriculture throughout the country. On the other hand, if there is a tendency to speculate, if the Nation is going out on a wild orgy of spending, if inflation becomes rampant, it shall be the policy of this Board to draw in the money, to sell bonds and securities, and bring the money in, raise the discount rate, make it more difficult to get money and, if necessary, impound it in the banks by raising the reserve requirements.

By these three levers it is hoped and expected that the Federal Reserve Board shall so regulate and control the

expansion and contraction of currency and credit throughout the Nation as to accommodate agriculture, commerce, and industry.

That is as it should be. I think the confusion that arises is due to the fact that we fail to recognize the distinction between a monetary system and a general Nation-wide credit policy on the one hand and banking functions on the other. That is where we fail to draw the distinction. The one is a governmental function and is Nation-wide in its scope, one that should be placed in a body responsive to the Government and to the will of the people, exercising its powers and performing its duties in the formulation and enforcement of a monetary policy in the interest of all the people. The other is more or less local and should be left to the initiative of the individual and to private capital.

I do not believe in a board here in Washington going to the various banks of the country and absolutely dictating the policy with reference to loans to be carried out there. But, on the other hand, I do believe in the establishment of a Nation-wide credit policy and a central agency to have control over the monetary system, which is a governmental function.

It is one thing to set up a monetary authority with power imposed upon it and the duty of carrying out certain policies in the interest of the people of the country. It is another thing to attend to the details of bank deposits and fix the solvency of the borrowers and the liquidity and soundness of loans.

One is a Government function and the other is purely a banking matter. For that reason, in my opinion, you cannot give too much power to the governmental body that controls—not the details of the banking institution down in your community or mine, but that does establish a policy that will enable the people of this country, business, agriculture, commerce, and industry to obtain loans upon reasonable rates and make available to them currency and credit by which they can carry on legitimate operations. That must be a governmental policy.

When this legislation is passed, as I believe it will be, we will have a system which will provide, as far as monetary policy can provide, for expansion and contraction of the currency of the country.

Now, there is another question here about which there is great diversity of opinion, and that is what should be the goal, what should be the objective. I realize that there are those on the committee, as well as a number of Members in the House, who are firmly convinced, and really believe, that the commodity-price level is the ultimate goal toward which we should strive. There is a difference of opinion about that. Governor Eccles, speaking as a representative of the Federal Reserve Board, does not think that that is the ultimate goal.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes.

Mr. ARNOLD. The gentleman was leading up to the very question that has been bothering me in this bill and I want to hear the gentleman's discussion as to the elasticity of the Board in controlling the expansion and contraction of the currency. That naturally involves the amendment that will be offered by the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. WILLIAMS. In view of the extension of time granted me, I shall read some of the expressions of Governor Eccles, the head of the Federal Reserve System, and the man at least at present at the head of this Board that will be given the power and charged with the responsibility of trying to so manipulate the monetary system and the credit policy of this country as to bring relief to us. On that question it was my privilege, as well as the privilege of a lot of other members of the committee, to ask him various questions. On pages 215 and 216 of the hearings, this language will be

found. Speaking of general-commodity price level, Mr. Eccles said:

If stable prices at some given index figure would leave an army of unemployed, it does not seem to me that this is the objective that would satisfy this country.

In response to a question whether he favored fixing a certain commodity price level as the goal, Mr. Eccles said:

I would prefer that it be not made the central objective of the banking bill.

Do you think it is practicable to do that?

I don't think it is.

Further, on pages 235 and 236, Governor Eccles said:

I don't think there should be a mandatory provision to reach a certain price level. It may be of interest in that connection to consider the preamble of the recent law creating the Bank of Canada. It is short, and might be considered as a basis for our own.

I do not quote that provision, but it is enough for me to say at this time that the provision that is placed in the newly established banking system of Canada is almost word for word the provision which we placed in this bill. That is, as I gave you the substance of it a moment ago, that the price level is not the only thing to be considered, but general business stability, so far as the monetary policy can do it, and to prevent fluctuations, not only in the price level, but in production, in wages, in trade, and above all, in my opinion, in employment.

Mr. ARNOLD. As I understand it, and I want to see whether I am correct or not, the elasticity that is vested in the Board in the bill now before us, reported by the committee, is as great as the elasticity that would be if the mandatory provision of the Goldsborough amendment were adopted.

Mr. WILLIAMS. Much greater, in my judgment.

Mr. ARNOLD. In other words, this Board can control inflation and expansion?

Mr. WILLIAMS. Yes.

Mr. ARNOLD. To a greater extent under the proposed bill as reported by the committee than under the Goldsborough amendment. Is that right?

Mr. WILLIAMS. I do not know that I would put it in exactly that way, but the objective to be attained, the ultimate goal, the purpose of it is not confined simply to a price level, not confined to a commodity price level. That is not the only consideration.

Mr. ARNOLD. But they could use that commodity price level if they wanted to under the bill as now reported?

Mr. WILLIAMS. Yes; that is one of the things. To continue, in order that you may get Mr. Eccles' idea:

I think there should be a goal, but the goal should not be a fixed price level. I don't believe that a fixed price level is a guide that we should have. We might have a stable price level on the basis of some index and yet have a great deal of unemployment.

He says on page 237:

This is an interesting chart here that Dr. Goldenweiser gives me. It shows that the price level in England was very stable from 1931 to 1934, but the amount of their unemployment fluctuated considerably.

In other words, employment does not necessarily follow the price level, and, according to the experience of England—and that experience reflected in the recent Canadian system which has been established—they do not recognize that the price level is the only goal to be obtained. Further, Mr. Eccles says:

I don't say that prices are not part of the consideration. I think that every effort should be made to maintain stable prices, but stable prices should not be the sole and paramount objective so that the Board would be directed to maintain stable prices and not to consider total production and employment at all.

In other words, the price level, of course, is one element in it, but let me suggest this to you. If we raise the commodity price level 20 percent, as the proponents of that theory say should be done—

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WILLIAMS. If the price level should be raised, as I started to say, 20 percent, as the proponents of this measure say it should be and must be, and if by reason of that commodity price level we thereby raise the cost of living to the consumers of the Nation, unless there went with that price elevation an increased purchasing power on the part of the consuming public and unless there went with it general increased employment of the people of the country, then I say, so far as we are concerned, our economic condition would be worse than it is now rather than improved.

For that reason the commodity price level is not the only goal. It is not the only thing to be considered in arriving at the objective. The objective sought in this bill is that there shall be stable business conditions; that there shall be a general economic equilibrium; that the general level, not only of commodity prices, but of wages, production, and employment shall be maintained. When that is done we shall have a general economic balance, under which we will go forward to brighter and better conditions than we have enjoyed during the last decade. [Applause.]

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I would like to ask the gentleman a question that I believe very pertinent to this feature of his very able argument. It relates to section 204, the paragraph making it the duty of the Federal Reserve Board to exercise its powers in certain ways, which was very severely criticized by the ranking minority member of the committee, as one of the most dangerous, if not the most dangerous power conferred in the bill. I wish the gentleman would just read that section to the committee very briefly and comment on it. The gentleman has made a very able argument.

Mr. WILLIAMS. Will the gentleman just tell me what it is? My time is very limited.

Mr. MARTIN of Colorado. It is paragraph (c) on page 51:

It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilizing fluctuations in the general level of production, trade, prices, and employment, so far as may be possible within the scope of monetary action and credit administration.

Mr. WILLIAMS. Well, that is the very thing I have been talking about.

Mr. MARTIN of Colorado. Exactly. This paragraph has been criticized by the minority as perhaps the most dangerous paragraph in the whole bill.

Mr. WILLIAMS. But that is the very objective of this legislation. It may be of interest to know that there never has been written into the law any kind of an objective. There never has been a single word written into the Federal Reserve Act requiring the Board to even try to attain any kind of goal or any kind of objective. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. HOLLISTER. I will be glad to yield the gentleman from Missouri 5 additional minutes if he desires to pursue that question further.

Mr. WILLIAMS. No, thank you.

Mr. HOLLISTER. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. McLeod].

Mr. McLEOD. Mr. Chairman, the closing days of the last Congress saw the enactment into law of the so-called "McLeod-Stegall compromise amendment" for the relief of depositors of receivership banks. It will be recalled that this legislation permitted the Reconstruction Finance Corporation, in making loans on or purchasing the assets of closed banks, to make their appraisals of such assets "in anticipation of an orderly liquidation over a period of years, rather than on the basis of forced selling values in a period of business depression." Since the passage of this measure much has been done by the Government to alleviate the hardships and distress occasioned by the sudden freezing of billions

of dollars belonging to more than 10,000,000 representative American citizens.

The liberalizing of the Government's closed-bank policy has done much to conquer the forces of the depression. Wherever the funds tied up in a closed bank have been restored to the depositors there has been a corresponding advance toward recovery.

The truth of this statement has been particularly apparent in my own city of Detroit. Since the enactment of the compromise pay-off measure the Reconstruction Finance Corporation has made possible a full pay-off to all small depositors of the two large closed banks in Detroit. The immeasurable benefits which have accrued from placing the funds of depositors in circulation again have played a most important part in enabling Detroit to take the lead in our drive for recovery.

We have heard much about the splendid assistance rendered by the Government to depositors of closed banks. The really effective and helpful aid has been greatly stressed by certain officials of the Government, while at the same time glossing over the dark side of the picture. I grant that much has already been done. I have only the highest praise for the splendid assistance rendered by the R. F. C. in making funds available to the stricken depositors of receivership banks.

However, this is no time to rest upon half-won laurels. Having gone so far in the extension of the thawing process which has allowed frozen deposits to again flow into the channels of trade and commerce, it would be a great pity if we failed to take the final step that would provide the maximum possible returns in actual, concrete recovery benefits.

By this I refer to the apparent and evident unwillingness on the part of the administration to abandon the antiquated system of liquidating closed banks which has been handed down to us as a relic of the old days when banks were closed chiefly as the result of embezzlements, robberies, or unsound assets.

While I am perfectly aware that some of the closed banks now in liquidation failed for one or more of these very same reasons, on the whole an entirely different situation prevails today. The majority of the banks now closed went into receiverships because of the world-wide depression. They closed because values toppled and fell below normal almost overnight. When the business man could no longer pay on his notes, when the farmer could no longer pay off his mortgage, when the home owner could not pay on his home, and when securities reached zero levels the banks were unable to continue.

We have seen literally thousands of banks close in the past several years for the plain and simple reason that their assets, while sound, could not be immediately converted into cash on depression markets to meet the demands of those who needed their money.

While the receivership method of liquidating closed banks may have been all right years ago, it is wholly inadequate to meet the needs of the present day. Owing to the necessity of hasty liquidating, in order to expedite pay-offs, bank receivers are unable to wait and take full advantage of the constantly increasing upward trend in price levels which is steadily enhancing the value of many closed bank assets.

This rapid-fire liquidation policy means disposing of assets on depression markets for amounts far below their normal and real values. This dissipation of the depositors' money must be stopped, and the only way in which it can be stopped is by abolition of the entire existing set-up for winding up the affairs of closed banks.

We already have the necessary governmental machinery to take over and perform in the most economical and satisfactory way the liquidation of the thousands of closed banks whose assets are steadily fading away and disappearing under present receiverships.

The Reconstruction Finance Corporation has already extended vitally essential aid and assistance to the depositors of more than 7,000 banks. This important and most valuable agency of the Government is best equipped to take over

the problem of conserving and properly disposing of the assets of the country's closed banks. To do so would merely be the logical extension and fulfillment of a Government program which has already proved most successful.

Liquidation of bank assets by the R. F. C. would make it possible for such assets to be held long enough to take full advantage of the rising price levels. My bill, H. R. 2847, is designed to take advantage of the superior liquidating capacity of the R. F. C. Under its provisions the R. F. C. would purchase the valuable assets of closed banks outright. Assets which have become valueless would, of course, be excluded. Funds would be made immediately available to depositors. The assets would become the property of the R. F. C. and would be liquidated slowly and carefully over a period of 10 years.

The thousands of scattered receiverships would in this way be permanently abolished. Their place would be taken by the R. F. C., which would act as a single, coordinated liquidating agency to serve the interests of the depositors and of all the people in the most efficient and economical manner possible.

It has been estimated that the total amount due depositors of both National and State banks now in receiverships is about two and a half billion dollars. If present receivership methods are persisted in, it is more than a mere probability that depositors will lose more than two billion of the two and a half billion dollars still due them.

There are two sources of loss under present liquidation methods which would be eliminated by my bill. First, we have the loss entailed by dumping good, but slow, assets on subnormal depression markets. Second, we have the question of excessive liquidation expenses, including salaries, fees, and so forth.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. Is it not a fact that in the one large Detroit institution that has progressed most under the Comptroller's receiver, they have organized and the Federal court has now approved a set-up of a depositor's liquidating corporation, which will prevent losses to depositors, of which the gentleman is now speaking?

Mr. McLEOD. That is correct. That same institution has already paid off the small depositors in full, 100 percent.

Mr. BROWN of Michigan. Of course, the gentleman knows, being familiar with the situation in the city of Detroit, that it is proposed to establish a liquidating depositors' corporation for the First National.

Mr. McLEOD. That is correct.

I do not mean to say, of course, that all receiverships are handled and managed at excessive cost to the depositors.

I do insist, however, that receivers are not in a position to wait and hold assets until the constantly increasing price levels make possible the full and complete recovery of asset values. The facts also show that many instances do exist where exorbitant fees and expenses are paid from the funds of depositors. Whether it comes from the assets or interest derived from the assets makes no difference—the money paid as liquidating expenses is lost to the depositors and comes from their funds.

While it has been shown that some receiverships have been conducted at a cost of but 2 or 3 percent, or less, the following examples show that all depositors are not so fortunate:

Olney National Bank, Hartford, Mich.:	
Liquidation expenses	\$14,507.46
Dividends paid	93,451.74
Modoc County Bank, Modoc County, Calif.:	
Liquidation expenses	33,600.00
Dividends paid	137,000.00
Peoples National Bank, Pitcairn, Pa.:	
Liquidation expenses	26,908.38
Dividends paid	175,612.98
First National Bank, Trafford, Pa.:	
Liquidation expenses	19,053.13
Dividends paid	108,187.62

One of the worst instances which has come to my attention is that of a group of closed State banks in Illinois. In

a survey made by the Chicago American of the closed-bank situation in Cook County, Ill., it was shown that a group of 12 institutions, known as the "Bain Banks", closed on June 9, 1931, with deposits totaling \$13,000,000.

Since this group of banks closed, \$461,973.35 has been paid for pay rolls and miscellaneous liquidating expenses, \$176,000 for attorneys' fees, and the receiver has been paid \$108,421.81, making a total liquidating expense of \$746,395.16.

However, during this same period, there has been paid just \$201,942.70 to depositors, an overall average of only 1½ cents on the dollar. In other words, it has cost exactly \$746,395.16 to pay the depositors \$201,942.70.

Mr. BROWN of Michigan. Will the gentleman yield again?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. Those were not national banks?

Mr. McLEOD. Those were not national banks.

Naturally, such conditions are not conducive to a spirit of confidence, either among the depositors of closed banks or among the public at large. The unrest, the disquietude, and the lack of confidence engendered by the banking situation has been keeping money out of the normal channels of private enterprise and is retarding and hampering our efforts to attain complete recovery.

Furthermore, this lack of confidence has been diverting funds from private to Government channels. It has actually forced the Government to go into business and extend relief activities to provide the employment of facilities private business has been unable to provide, due to lack of funds, lack of confidence, and lack of initiative born of a well-founded belief in the stability of our present financial structure.

This statement does not lack confirmation. As an illustration, I will mention that in December 1929 postal-savings accounts totaled \$164,276,392. Today, after the banking crash and vanished confidence, the American people are intrusting nearly a billion and a quarter dollars to the care of Government-protected postal-savings accounts. This, too, in spite of the fact that nearly all banks are now insured by the Federal Deposit Insurance Corporation.

In spite of these hindrances, enough progress has been made to show that much would be gained by liquidating closed-bank assets more slowly. We have witnessed a most encouraging upward trend in the value of many securities. We already have more than a reasonable basis for assurance that the slow and good, but frozen assets of receivership banks have already appreciated considerably in value and will continue to do so on the steadily rising markets that arrive hand in hand with the various stages and phases of economic recovery.

As an example of how values have recovered already since the worst days of the depression, I will cite the following gains made in the values of several representative securities: A glance at the stock-market quotations will show that since the depression reached its lowest point during the first quarter of 1933 American Telephone & Telegraph has risen from 87¾ to 112½; Bethlehem Steel common from 10⅞ to 26; Bethlehem Steel preferred from 25¼ to 64; Chrysler Motors from 7¾ to 37½; Eastman Kodak from 50½ to 140½; General Motors common from 10 to 30½; and General Motors preferred from 65½ to 116½.

Mr. SISSON. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. SISSON. I did not just get the gentleman's point, but the gentleman said something a few moments ago about the cost of receiverships. Does the gentleman still stand upon all the newspaper statements that have been issued during the past 3 or 4 months with respect to the conduct of the Comptroller of the Currency with respect to the expenses of receiverships, fees of receivers, and fees of attorneys for receivers?

Mr. McLEOD. To which phase of the controversy does the gentleman refer?

Mr. SISSON. I refer to all the controversy which the gentleman started through the newspapers.

Mr. McLEOD. The gentleman is not aware that he started a controversy through the newspapers, and that is why he asked to what phase of the controversy the gentleman from New York referred.

Mr. Sisson. My recollection is not good enough to recall all of the statements that the gentleman gave to the Hearst newspapers, but, of course, the gentleman is familiar with them himself. I refer to the various criticisms which the gentleman made of the Comptroller of the Currency, Mr. O'Connor, with respect to the expenses of receiverships in the city of Detroit, Mich., and the fees of attorneys for receivers, and the gentleman's statements that he was not able to obtain information from the Comptroller as to the fees of receivers and the fees of attorneys. I asked if the gentleman still stands upon all those statements that he formerly made to the newspapers.

Mr. McLEOD. I stand on the statement that the gentleman just stated, that it was impossible to ascertain figures of the cost of receiverships, which was based on a question propounded by a member of the committee, my colleague from Michigan [Mr. Brown], on the assertion that a certain bank in Michigan, the Guardian National Bank of Commerce, was to cost in attorneys' fees something like a quarter of a million dollars. That is to what the gentleman refers.

Mr. Sisson. The gentleman knows, or should know, before he made the statement, that under the law the Comptroller publishes a statement of the fees and expenses of each receivership in the banks liquidated under his direction and the fees of the attorneys for the receivers.

Mr. McLEOD. Will the gentleman answer the question, then, why it was that no Member of Congress was able to obtain the information of which he has just spoken?

Mr. Sisson. I deny that is a fact, that no Member of Congress was able to obtain it. Perhaps he was not able to obtain it immediately, but the gentleman from Michigan, as I am reliably informed, never made any request upon the Comptroller for a statement of the expenses or fees of any receivership for the liquidation of any bank.

Mr. McLEOD. If the gentleman is attempting to defend Mr. O'Connor because of a resolution I filed with the Committee on Banking and Currency asking that the expenses of receiverships be made known to this body, then that is another question.

Mr. Sisson. I will ask the gentleman now another question, inasmuch as he does not care to answer the particular question I addressed to him.

Mr. McLEOD. The gentleman has not stated a question.

Mr. Sisson. Would the gentleman care to appear—voluntarily, of course, for he could not be asked to appear otherwise—before the Committee on Banking and Currency and substantiate the charges he has made against the Comptroller of the Currency?

Mr. McLEOD. I am aware of the fact that the Comptroller of the Currency wrote to one or two Members of Congress, and perhaps the gentleman from New York is one of them, asking that I come before the committee and answer certain questions that have not been communicated to me.

Mr. Sisson. Does the gentleman want to appear before the committee and substantiate his charges?

Mr. McLEOD. My charges?

Mr. Sisson. Yes; the charges the gentleman made in the Hearst newspapers.

Mr. McLEOD. The gentleman is mistaken in saying "the Hearst newspapers."

Mr. Sisson. I read them in the Hearst newspapers myself.

Mr. McLEOD. The gentleman is mistaken in his facts.

Mr. Sisson. I do not very often read the Hearst newspapers, but I read the particular Hearst papers that contained this matter.

Mr. McLEOD. If the gentleman desires to state a definite question, I shall be happy to answer it.

Mr. Sisson. I am asking the gentleman if he still stands on all the things he claimed were facts that he sent to the newspapers, whether Hearst or other newspapers, about

Comptroller O'Connor and the expenses of receiverships and the fees of attorneys for receivers in the city of Detroit, Mich.

Mr. McLEOD. Yes; that is a fact.

Mr. Sisson. Then, will not the gentleman now express his willingness to appear before the Committee on Banking and Currency and substantiate those charges?

Mr. McLEOD. If the chairman of the committee were to ask me to come before the committee, I would be happy to do so. I wanted to come before the committee in support of my resolution.

Mr. Sisson. The gentleman has answered; his answer is "yes."

Mr. McLEOD. This controversy referred to by the gentleman was started by Mr. O'Connor because of his personal objections to making public the information requested in my highly privileged resolution of inquiry.

Mr. Sisson. The gentleman's answer, then, is "yes"; that he would like to appear before the committee and substantiate or attempt to substantiate his charges.

Mr. McLEOD. I do not retract any statement I have made during the so-called "controversy" to which the gentleman refers. Does that satisfy the gentleman?

Mr. Sisson. I am asking the gentleman if he is willing to appear before the committee and substantiate his charges; yes or no?

Mr. McLEOD. Merely for the purpose of gratifying the vindictiveness of Mr. O'Connor as evidenced by you as his spokesman, I would say "no." It would be unnecessary to appear before the committee, as the Chairman and members of the Banking and Currency Committee are present and my statements are being substantiated right here and now on the floor of the House.

Mr. Sisson. I am not his spokesman.

Mr. McLEOD. The gentleman acts as though he were.

Mr. Sisson. I am acting merely in the matter of fairness in representing an administrative official of this Government in this Congress.

Mr. McLEOD. The gentleman is attempting to act as a defender of Mr. O'Connor. Let me ask the gentleman himself a question.

Mr. Sisson. It is a question of the gentleman having made charges. If there is any basis for the charges, the gentleman should be willing to appear before the committee and substantiate them.

Mr. McLEOD. Does the gentleman refute any of the charges I made?

Mr. Sisson. That has no bearing on the issue. The law answers the gentleman's question, the law answers the gentleman's charges which have gone out through the newspapers of the country.

Mr. McLEOD. Does the gentleman deny that any of the charges I made were correct?

Mr. Sisson. I deny that each and every one of them is correct.

Mr. Wolcott. Mr. Chairman, will the gentleman yield?

Mr. McLEOD. I yield.

Mr. Wolcott. If I understood the gentleman's resolution correctly, it merely asked the Comptroller of the Currency to give specific information as to the attorneys who represented the national banks and other information with respect to receiverships.

The gentleman stated that, so far as he was concerned, it had been rumored in his city and in other places in Michigan that certain attorneys had received upward of a quarter of a million dollars for fees and the gentleman wanted to clarify that situation by having an investigation made to determine whether any particular individual attorney had been paid such exorbitant fees in representing receivers. Is that correct?

Mr. McLEOD. That is correct.

Mr. Wolcott. In substantiation of that and what has gone on, I make the statement that the gentleman is perfectly correct, not only in his desire for that information but in stating that the information was necessary, because those rumors came to me; and, as a member of the Committee on

Banking and Currency, I asked the Comptroller of the Currency for that very information, and the Comptroller of the Currency on three different occasions told the public that he was furnishing it to my colleague from Michigan and myself, members of the Banking and Currency Committee, and that they could do with it as they saw fit. At the very time the Comptroller of the Currency was making public the statement that he was furnishing us that information, he wrote me a letter telling me he would furnish the information provided I would keep it confidential.

So there was a great deal of justification for the gentleman's resolution to air this whole situation; and I think the fact the gentleman did file the resolution has had a very healthy reaction on the whole situation, because it developed that in these letters which he made public at the same time he addressed the letters to us, that one lawyer for 11 months' services had received an average of \$9 an hour for each legal hour spent in the discharge of his duties. One hundred and fifty thousand dollars, I think, was the total. He had asked for \$165,000 but the Comptroller cut it down to \$150,000. The other attorney had received \$75,000 and had not put in a bill for over a year, so it could not be determined what the amount was; but based upon \$150,000 for 11 months' work, for this work of this attorney certainly there was some basis for the rumor that he was to get a quarter of a million dollars, or \$250,000. I want to commend the gentleman from Michigan [Mr. McLEOD] for starting this thing and getting the facts with respect to receivers and attorneys' fees out in the open for the benefit of the people of Michigan and particularly the people of Detroit.

Mr. McLEOD. I thank the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. I want to correct one statement made by my colleague from Michigan [Mr. WOLCOTT] to the effect that one attorney received \$150,000. As a matter of fact, this attorney had in his employ, as the gentleman readily will admit, 11 lawyers; and the fee covered the services of 12 attorneys.

Mr. WOLCOTT. For 10 months.

Mr. BROWN of Michigan. And to be perfectly fair it should be said these 11 attorneys also were occupied presumably about half of their time on the affairs of the First National Bank. Part of their time should be chargeable to that institution.

I do not want to take sides in this controversy, and I have reserved my opinion in reference to the Comptroller's allowance of these fees; but I do not want the House to suppose that the resolution introduced by the gentleman from Michigan [Mr. McLEOD], brought this matter to light, because, as substantiated by the hearings on the bill before us, this matter was brought to the attention of the Comptroller of the Currency by myself, and as a result of that inquiry, and before the resolution of the gentleman from Michigan [Mr. McLEOD] was presented, the Comptroller had agreed to make public the amounts paid to attorneys and receivers in the city of Detroit. I do not, at the present time, have sufficient judgment to determine, in my own mind, whether the amount of those fees was too great or not. That is a matter for every Member of the House to determine for himself. I do want to say, however, I am reliably informed that the amount of attorney fees in the case of the Bank of United States in New York, which was just a little larger than the Guardian Bank of Detroit, amounted to over \$1,000,000. The fees for the attorneys in the City of Detroit, who worked for the receiver of the Guardian Bank, amounted to \$150,000 for a period of about 10 months.

Mr. McLEOD. The gentleman is referring to the attorney fees in the case of the First National Bank of \$150,000?

Mr. BROWN of Michigan. The Guardian Bank.

Mr. McLEOD. That was for 10 months only. Is the gentleman aware of that fact?

Mr. BROWN of Michigan. I understand, but it was for the Guardian Bank.

Mr. McLEOD. It was a bank in Detroit.

Mr. BROWN of Michigan. Yes; and I understand it was for 10 months' work.

Mr. McLEOD. The gentleman may be more easily satisfied than I was with the promise of the Comptroller. I introduced a resolution of disclosure to attempt to force the information that the gentleman was unable to get, and he knows it. The gentleman from Michigan admitted he was unable to get this information. So there is a diversity of opinion of two members of the committee itself. Both members apparently wanted the information. One was promised the information and eventually after the third request he was told he could have it if he kept it confidential. Does that answer the question of the gentleman from New York?

Mr. Sisson. No; it does not.

Mr. WOLCOTT. Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. May I say that what my colleague, the gentleman from Michigan [Mr. BROWN], said with respect to the other attorneys is perfectly correct, and that is why I preceded my remarks by saying that although this amount was paid to one individual, nevertheless he was paid on the basis of \$9 per hour. He had asked for \$9.90 for each legal hour for all the men he had working for him. He was paid on the basis of \$9 per hour for the lawyers that he had working for him. I thought I made myself clear that the \$150,000 resulted in the lawyers getting paid on the basis of \$9 per hour for their work. I think that is pretty good for even high-class lawyers.

Mr. Sisson. Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman for a question, not for a statement or speech.

Mr. Sisson. The gentleman has plenty of time. I merely wanted to reply particularly to the statement made by the gentleman from Michigan [Mr. WOLCOTT]. I am not as familiar with the details as the gentleman is, but I was present at the committee meeting when both the gentlemen from Michigan, Mr. BROWN and Mr. WOLCOTT, asked Mr. O'Connor for this information. There was never any equivocation about it, and, as the gentleman from Michigan [Mr. BROWN] has indicated, there was no hesitation, in giving the information. It was obviously apparent, however, that to break this matter down and give it in detail would require some time. Mr. O'Connor frankly said it was something he was perfectly willing to furnish. So far as the statement made by the gentleman from Michigan [Mr. WOLCOTT], that some lawyer was going to get \$9 an hour or \$9.90 an hour is concerned, I am sure that the gentleman from Michigan is a good enough lawyer that he has been very frequently able to command at least \$9.90 an hour. I am only a garden variety of lawyer myself, but sometimes I have received \$100 a day. It depends upon the importance of the work, and the gentleman's statement should include in the amount involved the results accomplished and the fact that several of these firms of attorneys were employed by former Comptrollers under Republican administrations.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The gentleman is correct. The Comptroller of the Currency told me, in response to questions, that he would be very glad to furnish me the information as a Member of Congress. He first asked us to keep it confidential; then he said if we felt our duty as a Member of Congress demanded it, we could make the information public. I have said that on three occasions the Comptroller of the Currency publicly said we would be at liberty to use this information as we saw fit. After the statement before the committee and after the statement which he had given to the Detroit papers with respect to making it public, I had a letter from him, which I have in my files, and I will bring it over and put in the Record if necessary, in which he asked me to keep this in confidence. After he had made these

public statements that he would be glad to have us receive the information and give it to the public, he still asked me to keep it in confidence and still kept us in the position of not being able to advise our constituents or the people interested about the matter without breaking faith with the Comptroller. I want to make my situation very clear so far as Mr. O'Connor is concerned. I admire the gentleman and I think he is doing a splendid job. It might seem inconsistent for me to say that in view of what has gone on, but I have written him to that effect. I have no fight with Mr. O'Connor. I merely want to bring out the fact that the regulations have been such that he perhaps has not been able to give out this information.

If the regulation and the laws are such that he cannot give out the information, then by examination before our committee we should determine it so that in the future there will be no misunderstanding as to why the Comptroller of the Currency does not give out to the public information concerning attorneys' fees on pending receiverships.

Mr. Sisson. Will the gentleman yield?

Mr. McLeod. I yield to the gentleman from New York.

Mr. Sisson. I agree 100 percent with my colleague the gentleman from Michigan [Mr. Wolcott]. He has made a very fair statement about the matter, which goes a long way toward clearing the matter up. I was merely addressing my first question, as I think the Record will disclose, to the gentleman from Michigan [Mr. McLeod] not by reason of the fact he introduced a resolution, if he felt compelled to do that, but as now appears because there was already a request by the gentleman from Michigan [Mr. Brown] for the information which he had requested and the gentleman from Michigan, before he made any other move in the matter, gave out statement after statement to the newspapers of his charges.

Mr. McLeod. The gentleman should be willing to prove any kind of statement he would make on the floor of this House. Now what possesses the gentleman at this time to make a statement that there is absolutely no truth in? What is possessing him to do that at this time? Is it Mr. O'Connor?

Mr. Sisson. No; Mr. O'Connor would not possess me to make any statement.

Mr. McLeod. Can the gentleman answer what it is that made him say that? There was but one statement put out previous to the time I introduced this resolution and that statement was merely an announcement that I intended introducing the resolution on a certain succeeding day.

Mr. Sisson. I do not know when the gentleman introduced the resolution.

Mr. McLeod. Then how does the gentleman know what he is talking about?

Mr. Sisson. But the resolution was introduced after the information was asked by the gentleman from Michigan [Mr. Brown], and before the gentleman made any request.

Mr. McLeod. First, you say you do not know when the resolution was introduced.

Mr. Sisson. And then the gentleman made a statement to the newspapers.

Mr. McLeod. But the gentleman does not know when the newspaper statements were made.

Mr. Sisson. The gentleman knows that. Why does he not come forth with the information?

Mr. McLeod. Why does not the gentleman more fully inform himself before he makes such a statement?

Mr. GOLDSBOROUGH. Mr. Chairman, I shall have to ask that the debate proceed in order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. McLeod. After this discussion concerning the Comptroller, which I had no intention of referring to whatsoever, I must say at this time, since it has been discussed here, that after the information that has been referred to by both the

gentleman from Michigan [Mr. Brown] and the gentleman from Michigan [Mr. Wolcott]—

Mr. GOLDSBOROUGH. Mr. Chairman, I ask that the debate proceed in order.

Mr. McLeod. The gentleman at least wants to be fair.

Mr. GOLDSBOROUGH. I think I am fair.

Mr. McLeod. I am proceeding in order.

Mr. GOLDSBOROUGH. In my opinion, the gentleman has not been proceeding in order since he started.

The CHAIRMAN. The Chair will state to the gentleman from Maryland that this collateral matter was injected into the gentleman's speech, and the Chair feels the gentleman has reasonable latitude with respect to the information he has referred to.

Mr. McLeod. It is pitiable that there is a movement afoot to defend the action of a bureaucrat of this administration, who, on the request of the two Members I have referred to, should have furnished the information desired. Perhaps it would have been more in order for a member of the Banking and Currency Committee to have offered the resolution of disclosure requesting this information rather than myself, but I did it, and I have no apologies to make, the result being that the unfavorable report of the committee contained the statement that Mr. O'Connor, in his next report, would supply the information requested. Is not that the fact, I will ask the gentleman from Michigan [Mr. Brown]?

Mr. BROWN of Michigan. Yes; I do not remember exactly what the committee reported, but I do want the Record to show that at the time the matter was first raised, on March 27, I believe, Mr. O'Connor, in answer to my question, did say, "I will give you that information", referring to the attorneys' fees, "and it is then up to you." He meant as to publication.

Mr. McLeod. And it was then stated in the adverse report of the committee on my resolution that it would be forthcoming in the next report. Is not that the fact?

Mr. BROWN of Michigan. Yes; that is right.

Mr. McLeod. To proceed, then, Mr. O'Connor happens to be the type that takes offense at the slightest suggestion that the policies of his office are subject to improvement. He has been antagonistic ever since the introduction of my bank depositors' pay-off bill in the last Congress, when fully one-third of the Membership of the House during the last session, by signing the discharge petition on this measure, indicated their dissatisfaction with the system of liquidating closed banks which Mr. O'Connor seeks to perpetuate. Everything I have said is a matter of record and can be found in the CONGRESSIONAL RECORD. Mr. O'Connor's statement was inserted in the RECORD by Senator BYRNES, of South Carolina, at the request of Mr. O'Connor. Senator BYRNES, a Democrat, was unprejudiced and fair enough also to insert my reply to Mr. O'Connor's statement in the CONGRESSIONAL RECORD.

There is no need of further discussion of the matter. It is just one of those things that were offensive to Mr. O'Connor because he was urged to a course of action by my colleagues, Representatives WOLCOTT and BROWN, as well as by myself, which was not in keeping with his reticent attitude regarding the information sought.

I have already consumed more time than I had expected to use and, in conclusion, let me return to the theme of my remarks and stress the fact that the present receivership system was designed to meet the needs and requirements of a bygone age. It was formed to liquidate assets which did not have the prospect of enhancement and appreciation through the recovery of values crushed by a world-wide economic upheaval. It has served its purpose and should make way for a successor modeled to meet the exigencies of the present situation and to meet the different liquidating requirements of today.

The R. F. C. has proved one of the most efficient weapons in our fight for recovery. It can and will, if we will provide the ammunition contained in the bill, to which I referred, do more than any other single agency of the Government in blasting the obstacles which are today impeding and blocking our efforts to win economic rehabilitation.

My conception of this whole picture is that when this vital question is disposed of, finally and conclusively, and when there will no longer be receivership banks undergoing wasteful liquidation in practically every city in the country, then, and not until then, will we see the break in the clouds which will presage complete recovery.

Then, and not until then, can we expect the people to place their savings confidently in the ordinary and customary channels of private enterprise which form the arteries of out national life. The resumption of the employment-creating functions of private business which this would foster and engender would, to my mind, be the real turning point in our struggle for recovery. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 20 minutes to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Chairman, ladies, and gentlemen of the Committee, to my mind the bill under consideration has much merit. As a member of the Banking Committee, I voted in the committee for many amendments to the original draft. I should like to go along with my committee on the bill presented to the House, but I believe that further changes are needed to effect the results which sponsors of this legislation feel it will accomplish.

I am prepared as a committee member to vote for amendments that I expect will be introduced in an effort to make the banking bill of 1935 a better bill, more far-reaching, and which will do what the country expects of the Congress in its banking legislation.

I had hoped in committee that another title might be added—a title concerning a matter which I am about to discuss, that, to my mind at least, would have made for greater satisfaction with the banking bill of 1935.

There is now before the House Committee on Banking and Currency a measure introduced by me some weeks ago, and which I hope will be presented to this honorable body within the near future. This bill proposes to set up an intermediate credit corporation for business and industry. It has for its purpose the enactment of a law which will provide machinery designed to give immediate credit relief to the small business and commercial enterprises of this country. Big business can take care of itself. Government functions have been developed which provide assistance to various agricultural enterprises and to institutions of a financial character.

The credit plight of America's small business and industrial concerns is well known to every one of us. For years these small concerns, numbering many thousands and which form the real backbone of our commercial system, have been suffering an economic strangulation largely uncalled for in view of the fact that there exist means in this country to provide for them the assistance which will enable them to revive, carry on, and contribute their share to the return of recovery.

During the last session of Congress there was enacted a law giving power to the Federal Reserve System and the Reconstruction Finance Corporation to loan directly to these small concerns. To what extent has this law, which has been in operation for 10 months, given the help for which the small business men and industrialists have been pleading, and the lack of which has been holding them back, forcing them into an unwilling bankruptcy?

The last Congress voted \$580,000,000 for this purpose. As of April 27, 1935, the Reconstruction Finance Corporation under the direct loans to industry law has actually disbursed but \$14,872,667. The Federal Reserve System as of April 24, 1935, has actually loaned out but \$29,055,000. In other words a bare 7 percent, which is no help at all.

When Congress passed this law on the closing days of the last session the act was hailed as one of the most constructive and beneficial pieces of legislation to come out of the Roosevelt administration. You know as well as I the need of the law. You know as well as I the tremendous difficulty of small concerns to secure a loan from banks.

Why have the Reconstruction Finance Corporation and the Federal Reserve System fallen down on their jobs? It

is not their fault. They are governed by the attitude of bankers. Requirements imposed upon applicants for loans are so strict, collateral demands are so stringent that would-be borrowers are discouraged from even attempting to secure loans.

The corporation which is proposed under my bill would be governed by the humane attitude which is governing the program and the policy of this administration. Of course, there would be requirements. Every business man wants them, and wants to meet them, but there would be brought to this organization a sympathetic understanding for the needs of business and industry. Consideration would be given to the personal attributes of an applicant and the corporation would be directed with a policy which has long vision.

When one views the enormity of the problem and the seriousness of the situation, it is heart-breaking to realize that Congress in its far-seeing wisdom passed this act, confident that small commercial enterprise in America would be stimulated and revived, and that today there is still unused more than 93 percent of the money which was set aside for this purpose.

How long is this going to continue? How long are we Members of Congress going to receive these piteous appeals from the small business men and industrialists of our communities, begging and imploring for aid so that they themselves will not be wiped out and the few employees to which they have been able to hold on will not be thrown onto the relief rolls?

We are deeply concerned here with the problem of unemployment. We are deeply concerned with the problem of relief. Let me quote from a few of the letters which have come to me from all parts of the country. There is only one point I am going to bring out today and that is the contribution to permanent employment which will be given to this country by the passage of this bill.

From my own city of Hartford, Conn., a concern writes me:

There are any number of concerns in our section, who could, with a little help from the Government, increase their business and reemploy hundreds of people, and until the time arrives when the Government will come to the assistance of small business, it is useless to talk about recovery.

Again from Hartford I received the following comment on my bill:

If such a bill was passed, there is no question but that it would become a major factor in creating new jobs and would be conducive to reducing the number of unemployed, and consequently reduce the need for relief.

From Hammond, Ind., a concern, whose application had been turned down by the Reconstruction Finance Corporation, wrote to that department as follows:

In anticipation of our increasing trade and hopes of augmenting our working capital, we had already added two people to our pay roll. This in the office force. When your letter of rejection came, we found it necessary to lay off one of the office employees in order to conserve our finances, but if this loan was granted, we would not only recall the one person in the office but we would double our present force of men in the factory. We are confronted with these difficulties because of a lack of work capital.

An awning- and tent-manufacturing association in New England wrote me that, as a result of the inability of member concerns to obtain credit assistance—

Many of our New England awning and tent manufacturers who were unable to borrow from their banks discharged their employees, after the awning season was over, around the Fourth of July, rather than carry them over all the year, as it was possible to do when they could borrow money or business was good. I predict for this industry that if bank or Government money cannot be had by borrowers in this industry that a large number of our manufacturers will discharge more workers than last year, and thus more idleness in this business until the following season opens.

From Detroit, Mich., I received a letter from a petroleum association from which I quote:

If credit can be arranged for small- and medium-size businesses of the country, it would do more to put men to work and improve business than any action which has been taken so far by the Government.

From a heart-breaking plea for Federal credit assistance which I received from a concern in St. Louis, Mo., I quote the following paragraph:

Ten short years ago we employed about 35 persons with an annual payroll in excess of \$75,000. Today we have no regular employees and our stock and equipment is sadly depleted.

A business man in New York writes me:

I feel rather certain that if I were to be called before your committee that I could convince beyond a shadow of a doubt that millions of people are still unemployed at present and will continue to be unemployed as a result of the inability of the smaller merchant to secure financial aid and assistance.

Again from New York City I quote the following letter:

We are among the small enterprises suffering from lack of sufficient capital to do business as we should. We employ about 80 men at present, but if we had more capital we could employ about 40 or 50 more.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. Yes.

Mr. BROWN of Michigan. Of course, the gentleman realizes that the average commercial bank cannot provide long-time working capital for industry, large or small.

Mr. KOPPLEMANN. I do.

Mr. BROWN of Michigan. It must come from some other type of financial agency.

Mr. KOPPLEMANN. The gentleman is correct.

Mr. BROWN of Michigan. I wonder if the gentleman has considered the use of the Reconstruction Finance Corporation in this connection?

Mr. KOPPLEMANN. I am glad to say to the gentleman that the results achieved during the past 10 months, in the practical experience of the Reconstruction Finance Corporation, have proved to me and to the rest of the country that the Reconstruction Finance Corporation has not been successful in handling intermediate loans. The Corporation has failed to fulfill the expectations we anticipated from the passage of this law. There is no hope for business and industry with respect to intermediate loans from the Reconstruction Finance Corporation.

Mr. BROWN of Michigan. Does the gentleman think that the trouble is in the personnel at the head of the Reconstruction Finance Corporation, or does he think that it is due to some limitation in the law?

Mr. KOPPLEMANN. It is in part due to the banking attitude of both the Reconstruction Finance Corporation and the Federal Reserve System, which hampers them in making loans known as intermediate, long-term loans. They are not set up for that purpose, and if they were they could not get away from the attitude of our bankers throughout the country, who have refused to make this type of loan to industry and business.

Mr. BROWN of Michigan. I may say to the gentleman that I agree with him, that there is a need for the kind of credit about which he is talking, and many of the officials of the administration, I know, feel the same way, but the difficulty is to find the organization that is best suited to handle it. It has seemed to me that if we could amend the Reconstruction Finance Corporation law to that end, the gentleman's object could be best attained in that way.

Mr. KOPPLEMANN. So it seemed to all of us in the last session of Congress when we passed this law, setting aside \$580,000,000 to these two organizations, the R. F. C. and the Federal Reserve System. But they have proved to everyone that they are not the organizations for that purpose. My bill, even scanned through, will demonstrate, I am certain, to the gentleman and to the Congress, that the set-up requires men who are removed from the bankers' attitude, men who understand credits, who are sympathetic to the needs of business, and whose idea is to bring back recovery through aiding small industrials to go ahead with orders in hand, and employ men to carry out the orders in hand, by giving them adequate credit and working capital.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. Yes.

Mr. CAVICCHIA. It may interest the gentleman to know that a committee in New York had before it some 53 applications for industrial loans 9 or 10 days ago. After the committee got through its work it granted exactly three loans. This was told me by a Member, who was a member of the committee, who says that he will no longer attend the sessions because they get nowhere, and he admitted that many of the loans that were turned down ought to have been granted.

Mr. KOPPLEMANN. I thank the gentleman and I call that statement to the attention of my colleague from Michigan [Mr. BROWN].

Temporary-made work is not going to solve our unemployment problem, nor is the generosity of a benevolent Government toward its distressed and needy going to be the cure-all through measures of relief. Relief is necessary, but it should merely be a gap, not a permanent thing. This bill offers a method toward a durable recovery. If some of the money which was allocated for relief were turned over to the credit assistance of business and industrial concerns, each of which in its small way can add to its pay rolls anywhere from 5 to 100 people in a given community, then we would be on the path to recovery. Take 100 families off these relief projects and put them back into the private industries of our land in a given community and one of the most important jobs of this Congress will have been effected. Repeat that situation in thousands of communities all over the country and you will find that the total expenditure will be infinitesimal and the results more permanent. Do not forget that these are merely loans and that the money will be paid back.

This Government has had enough experience with individuals and organizations receiving loans to have every confidence in the ability and the willingness of the recipient to repay these loans. The American people do not want charity.

My measure is in line with the reconstructive program of this administration. The job that is before us is far more important than the job which we undertook 2 years ago, for today we must cement solidly together the bricks of this new-deal edifice and build a permanent structure as the basis of a revitalized American system. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. BUCKLER].

Mr. BUCKLER of Minnesota. Mr. Chairman, it gives me quite a little pleasure to appear before you here this afternoon, but I think I would have been better satisfied if we had had a little larger audience. There are quite a number who do not seem to be here this afternoon, and I am pretty sure that what I may say will not have very much effect and will probably be like pouring water on a duck's back to drown it.

When this banking question is raised I feel it is my duty to say a few words concerning the banking system, because the farmers have suffered untold losses and misery through the banking arrangements under the Federal Reserve System. Being a farmer myself, perhaps I do not have as much knowledge of the present bill as some others. For a long time I thought perhaps I was the only farmer in Congress, but I have found three or four in the last few weeks besides myself. When I was a young man, and for quite a while after, I thought a Congressman was some super individual, created with all the knowledge almost in the universe; but when I found out that previous Congresses had turned over the control of the money and credit of this Nation to a bunch of individual bankers I changed my mind. I do not know what this Congress intends to do about it.

I expect to support this bill now before us, but I say at the outset that it is not exactly to my liking, because I think the Government should take over the Federal Reserve Banking System and control the money and credit of this Nation instead of leaving it in the hands of the present Federal Reserve System.

This bill perhaps goes part way, but you will never have a real money system until you take the money and credits out of the hands of the Wall Street bankers and put it into the Government where it belongs, so that it can be administered for all the people and not for just a few as it has been in the past.

There is no doubt that when President Wilson directed the passage of the Federal Reserve Act, it was done with the intention of benefiting the people. I think the President was honest and sincere; but it has been changed at different times, and it has got into the hands of the big bankers until they control it for their own interests instead of in the interests of the people.

I might say the Federal Reserve banks, as you all know, are owned and controlled by the big bankers of this Nation. The small bankers do not have very much interest in the Federal Reserve System. When the Federal Reserve Board in 1920 broke the farmers, they broke the country bankers of this Nation as well. During the war they inflated the currency. In some instances they issued currency. The country bankers and the big bankers inflated the currency by giving some fellow a check book and loaning him a few thousand dollars. We have been talking about fiat money. We hear a great deal of that when it comes from the big bankers of this Nation. I would like to know what is more fiat than a check book with a credit of \$1,000 and only \$100 back of it.

Up in my country we paid 10-percent interest up until 1923 when the State legislature passed my bill which reduced it to 8 percent. It was an inducement to the bankers to loan the money when they could get 10-percent interest. Most of it was credit that belonged to the people. So I say the time will come, Mr. Chairman, when a man who runs a bank in this Nation will have to have money instead of credit. Why is it necessary to issue bonds and pay some big bankers interest on the bonds and then print money and hand it over to the bankers and let them loan it to the farmer when the Government itself could print and issue the money direct and save the interest charges on the bonds. If the bonds are good then the currency is good. You are not going to pass legislation of that kind in this session, but it is coming. Perhaps I would not have been down here if it had not been for something like this legislation which the people are demanding. Perhaps they will send more progressive men down here because they are going to have legislation for the benefit of the people.

In 1920, after they inflated the currency to win the war, it was all right, but what did they do in the fall of 1920 when this same Federal Reserve bank took the money out of circulation, pulled it out of the agricultural districts, and purposely broke the farmers of this Nation. Our wheat was worth \$2 a bushel and in 6 months it went down to \$1 a bushel, and in a few years it went down to 30 or 40 cents a bushel. They not only broke the farmers, but they broke the small bankers of this Nation. What do these Federal Reserve banks and big banks in Wall Street care about the small banks throughout the country? No more than they cared for the farmer in 1920. They did it because they want the chain system. The gentleman from North Dakota [Mr. BURDICK], told you about the chain system that started in Minneapolis and went through the Northwest. That is what they wanted. They are the ones who caused the panic in 1920. They broke the farmer. About 2,000,000 farmers have lost their farms since this thing was pulled off. Millions have lost their homes, many of them are old people. I know old people who had worked all their lives and thought they had laid up something for a rainy day. Today where are they? Thrown out of their homes; no place to go; nothing to look forward to except the poorhouse and the grave.

Now, do you want a system like that? If you do, go on with the old Federal Reserve System which you have got now. You will have a panic every few years. They get people to go ahead and build homes, and then they take them away from them like they have been doing for generations. That is the system we have been working under. People have been doing business on credit. These debts cost perhaps a billion dollars interest a year, and for the benefit of whom? Just a few racketeers down there on Wall Street. Talk about pirates! Those pirates in Wall Street are worse than any pirate who ever roamed the seas. [Applause.]

So I say we have to take the control of money out of the hands of the Shylocks and get it back in the hands of the Government.

Talk about loaning money to industry! The gentleman who just preceded me made a very good speech, but it will not help to loan money to industry or anybody else until you get the farmers on their feet, because you cannot get out of this condition you are in unless you do help agriculture. I voted for the \$5,000,000,000 and I will vote for \$5,000,000,000 more when people are hungry, but when you spend that, and if you have not gotten the farmers back on their feet, you will be right where you were before.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield; yes.

Mr. CAVICCHIA. Of course, the gentleman knows we all sympathize with the farmers, but will the gentleman give a clear picture of the industrial East, where hundreds of thousands of men are walking the streets, looking for work, and cannot get it and are living on relief. Would it not be well if industry could get loans and let those people go to work, and then your farmers can sell their products at good prices?

Mr. BUCKLER of Minnesota. I say the gentleman made a good speech and agree with him and sympathize with the laboring people, but we should start with the farmer. When you start with the farmer and give him a price for his produce then he will buy what you manufacture. You cannot sell it unless the farmer gets so he can buy.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. MARTIN of Colorado. I am with the gentleman in every word he says, I understand his language; but in my judgment the main trouble with the farmers of this country is that they are not organized. In my district labor is organized, the veterans are organized, the Townsend people are organized, other groups are organized, but the farmers are not organized. Oh, they have two or three organizations, but they do not represent anything, they do not get any cooperation or concerted action whatever. The consequence is that the majority of the farmers of the West for the last 60 years have been voting for the political party that invented and fastened this monetary system on them and which keeps it on them.

Mr. BUCKLER of Minnesota. I think there is a great deal of truth in what the gentleman says. I shall tell you a story which I think will illustrate the gentleman's point and his complaint of lack of organization on the part of the farmers. The story has to do with a couple of farmers, and if ever there were slaves it is the farmer and the farmer's wife; but these two farmers had managed to get away a day for a picnic and they went to a lake for a little recreation. They got a boat and went out on the water. Their names were Mike and Ole. The boat tipped over and Ole fell out and into the water. Ole went down and when he came up, Mike grabbed him by the hair; it was a wig and it came off. Mike threw it into the boat. Ole went down and came up the second time and Mike grabbed him by the arm, that was wooden and it came off. Mike threw it into the boat. Ole went down and came up for the third time. Mike then grabbed one of Ole's legs and this was wooden, too, and it came off and Mike threw it into the boat. Ole went down and came up again hollering "help! help!" and Mike said, "How the hell can I help you if you don't stick together?" [Laughter.] So, how can we help the farmer if they do not stick together? [Applause.]

Ever since the days of William Jennings Bryan I have been trying to get the farmers in my country to organize and have been arguing for 16 to 1. Those were fighting days; if you said anything against Bryan, you just got knocked over, that is all. I have been fighting ever since to get the farmers to organize and get some benefits for themselves. I have heard talk about the monetary system since the days of Bryan and I probably heard something about it before, but not very much. [Laughter.] Anyhow, this system has been operating for years. I shall tell you another incident; it is true. I tell it to illustrate the plight of the laboring man and the farmer who have produced the wealth of this Nation but who have been robbed by this system. I was standing on a street corner in Minneapolis—not my city,

I am a farmer, I live out in the country where we get plenty of air, but that is all we do get [laughter]—standing on a street corner. This story could be duplicated in any city in the country. Standing on the street corner in Minneapolis one day I saw a laboring man come along. He had his family with him, his wife and little children, half fed and half clothed. Standing on the same street corner I saw a farmer come along with a little old Ford, an old tin Lizzie, his family half clothed. Standing on the same street corner I saw a limousine, owned by a man who belonged to the class that have been robbing us farmers and the laboring men all these years. A Negro coachman sat by the chauffeur in front. On the back seat was a lady and beside her a little poodle dog. [Laughter.]

This poodle dog was given more care than is given to the families of the laboring people and the farmers of this Nation. The difference in the welfare of these people comes about by reason of the monetary system we have been tolerating all these years. Maybe it would not be so bad to have a poodle dog riding in the back seat except for the fact that you can go out to the graveyard—perhaps you have got them in New York—where the poodle dog is buried, you will see a stone that stands 3 feet high, while over in any city graveyard you can see acres and acres where the laboring people lie beneath the sod with little stones 12 or 14 inches high—acres and acres of them—poor people who have been robbed by this monetary system. And you can go to the country and find lonely graveyards where some of the farmers have buried their families with nothing to mark the grave except a wooden slab.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. MARTIN of Colorado. The gentleman stated that the laboring man is interested in this legislation. He may be involved in it but I question whether he is interested in it. One of the troubles with organized labor is that they are not interested in this kind of legislation. They do not give a snap about any banking system or monetary system; they are chiefly interested in hours, wages, working conditions, and things like that.

Mr. BUCKLER of Minnesota. They have to live, however. I appreciate the force of what the gentleman has said, but there are differences of opinion on the subject. Perhaps they are not interested in the money question but they should be.

Mr. MARTIN of Colorado. I have been a member of organized labor for 45 years, so I am speaking with knowledge of them as well as of the farmer. That is one thing they are not interested in nearly as much as they should be.

Mr. BUCKLER of Minnesota. Of course, that is true.

Mr. DUFFEY of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. DUFFEY of Ohio. How far is Minneapolis from St. Paul?

Mr. BUCKLER of Minnesota. They adjoin; the city limits come together so they are practically one city. I do not know whether St. Paul has a graveyard where they bury poodles or not; they probably take them over to Minneapolis. [Laughter.]

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. THOM. How do the lawyers get along out in Minnesota?

Mr. BUCKLER of Minnesota. Most of them are starved out. They finally have come around. They used to fight us farmers but they have come around now and are quite decent. You know the quickest way to a man's heart is through his stomach or his pocketbook and they both have been empty, so the lawyers are not so bad.

Mr. TRUAX. Will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield to the gentleman from Ohio.

Mr. TRUAX. They are always pretty glad when they can close out the farmers and sell their property.

Mr. BUCKLER of Minnesota. Yes. Of course, you cannot blame them for that. They are broke, too, and if they get a chance to make a few hundred dollars they will close out a farmer and take away his property.

Mr. Chairman, we have a serious situation in this country at the present time. There is no question about that. Since I have been down here I have become rather disgusted. You know, my people sent me down here with the statement: "Go down there and please do something for us quick." When I started down here I thought everybody would be in the same frame of mind as I was, but I found that this was not the case. [Laughter.] I used to draw a little water in the State Senate and was successful in passing a few bills, but the only thing I have been able to draw here is a little hell from the gentleman from Arkansas. [Laughter.] You know, there is an old saying that one would rather be a big toad in a small puddle than a small toad in a big puddle.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. I yield the gentleman 5 additional minutes.

Mr. BUCKLER of Minnesota. Mr. Chairman, the Federal Reserve Board some time back broke the farmers, but there was another class of men that they had not got to yet. So in 1929 they deflated the currency and trimmed up all of these lawyers and business men as well. They broke them, too. At that time they took about \$20,000,000,000 out of their pockets and now the money crowd has it all. You may have a little change left, but that is all. It is kind of good to come down here to Congress, where you draw a salary. Sometimes I think we should be ashamed to take it for what little we are doing down here. [Laughter.]

Mr. Chairman, we have to take this country out of the hands of the money changers. I think if you would take a bunch of schoolboys and let them read up a bit they would do better than we are doing down here in Congress. I am going to support this bill, although it does not go as far as I should like it to go. There has been some mention of putting an amendment on this bill to put the small State banks under the act. I ask you to leave the small State banks out for a while until we see how this Board goes. We know what this old Board did to those banks that were under it some time back.

Let us see how this is going to work out. If this Board is going to be no better than the one we had before, perhaps the State banks will not want to come under the System.

Mr. Chairman, this bill could be made a lot better if such amendments were adopted as will be offered, I understand, by the gentleman from Maryland [Mr. GOLDSBOROUGH], and the gentleman from Texas [Mr. CROSS]. Those gentlemen know how to do it. The gentleman from Texas [Mr. CROSS] made the best speech yesterday that I ever heard. He told the Members the truth about this situation. Are you going to listen?

A Member spoke yesterday about Liberty bonds and mentioned the fact in his address that he had to sell his Liberty bonds for \$80 on the \$100. I told you of two instances where the people have been robbed, and here is another one. The same crowd did that. They bought your Liberty bonds. You had to buy them and then those fellows pulled off a panic and bought your Liberty bonds for \$80 on the \$100 and made millions and millions of dollars out of the transactions.

That crowd has all the money, so that there is not enough left to quarrel about. There are more debts today than the property would bring if it were sold. There are something like two hundred and fifty or two hundred and seventy-five billion dollars of debts, and there is only about \$200,000,000,000 to be realized if the property was sold for what it was worth a few years ago. If you sold it now you would not get half this amount. I have a farm that was worth about \$100 an acre and today you could not sell it for \$25 an acre. These farmers had farms worth \$100 or \$125 an acre with a mortgage of \$25 or \$30 an acre on the farm. This money crowd ran the value down to the amount of the mortgage, then they took the farm. What about the \$50 or \$75 an acre that the farmer had in it? How about

these farmers' wives who get up at 5 o'clock in the morning and work all day long until 9, 10, or 11 o'clock at night, trying to keep their family half clothed and half fed? Talk about freeing the Negroes back in the Civil War days! Why do not you get busy and free these farmers and their wives? There are enough of us here to do something if we would only work. I say if there is any slavery in the United States today it is the farmers' wives. [Applause.]

I wish I had some of the Members out on my farm. I think about 30 days would cure you. There are about 150 signers on the petition to bring up the Frazier-Lemke bill. That does the same thing for the farmers that you are doing for Wall Street; yet there are only about 150 signers out of a Membership of 435. If I could get you out on my farm, getting up at 5 o'clock and doing all the chores, it would be different. [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BUCKLER of Minnesota. Mr. Chairman, as I started to say, if I had these Members out on my farm or some other farm, the situation would be different. They would get up at 5 o'clock in the morning, go out and feed and tend the horses and milk 8 or 10 cows. Then they would eat a little bit of breakfast, go out to the field, stay until 12, come back and eat a bite, and then go out about 1 o'clock and stay until 6. Then tend the horses, feed the cows, and what not, then get a little bit to eat and go out about 9 o'clock and milk 10 cows and get the milk separated. And then, in addition to all this, you would go out and probably find a new-born calf. [Laughter.] You would put it in a pen, get a pail of milk in one hand and the calf's nose in the other and try to feed it while 5 or 6 other calves were stepping on your toes and sucking your coat. [Laughter.] I believe about 30 days of that kind of life would be sufficient, and you would be signing the petition for the Frazier-Lemke bill.

If that is not enough, you might feed these calves a couple of years, take them to town, get yourself all tired out and wet with sweat handling them, and then sell them and get \$10 to \$15 per head. Hungry, you then go down to a restaurant with an appetite and see the people sitting there eating porterhouse steak while you have to crawl up on a stool and ask for liver. [Laughter.] That would undoubtedly fix you and you would be up here signing this petition by that time. Why do not you come up here and sign this petition for the Lemke bill and let the farmers have this cheap money instead of turning it over to Wall Street?

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. Yes.

Mr. TRUAX. The gentleman has asked a very vital, pertinent question. Last year we secured 145 signers to the Lemke petition, but we were not given an opportunity to vote on that bill. There are some Members of Congress who do not want you to vote on that bill because it will do as you say—it will do for the farmers what we have already done for the Wall Street bankers and the banking crooks of the country.

Mr. BUCKLER of Minnesota. Yes; I thank the gentleman. That is true and I would like to ask the members of the committee who have this bill to send it out here and let us Members vote on it. The people back home want you to vote on it. If you want to vote against it, all right, but bring it out here and let us have a vote on it. My people are writing me every day about it.

Some people here have said a great deal about the processing tax. The processing tax was not my way of doing it to start with, but we have got the processing tax. My friends over on the other side here are good fellows. I sit over there with them. Of course, I am in a kind of Cherokee Strip and I do not know which side I belong on. I am a Farmer-Laborite myself.

Now, they want to take off the processing tax. I remember 2 years ago when we farmers were selling wheat in my neighborhood for 30 cents a bushel, hogs for 1 cent or one cent and a half, and the railroads would make you pay a little

extra money for the freight if you shipped a cow to market, the cow wouldn't even bring enough to pay the freight.

I never heard them then say anything about the poor farmer, when he was giving his stuff away, selling it far below cost. The processing tax is increasing the amount the farmer receives and you people in the East cannot live unless we live and get started and are able to buy your manufactured goods. It was not my way of doing it, but we have got it and let us stick to it now that we have it until we get something better.

However, what this Congress could do is this. This Congress could take off the processing tax and give us a minimum price which should be cost of production plus a small profit for what is consumed in the United States and there are bills here to that effect. This would cure all this hollering about the processing tax. Give us a minimum price, cost of production, and I have no objection to your regulating the acreage, if you want to.

Then there is another bunch of fellows, besides the big bankers, who are keeping the farmers down and they are this chamber-of-commerce and board-of-trade bunch of buzzards that have picked the farmers. [Applause.] They pick him even before he has his grain cut.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. Yes.

Mr. HOLLISTER. I just want to ask the gentleman if the Blue Eagle belongs in the same class of buzzards to which he is referring?

Mr. BUCKLER of Minnesota. I do not know whether it would be hard to tell a Blue Eagle from a buzzard or not. Some people do not like the Blue Eagle. I do not know whether I like him or not. I have not had much acquaintance with him, but I have had some acquaintance with these buzzards I spoke about, because before you can get your grain cut these fellows will sell your crop and they will not only sell your crop but they will sell 10 times what you have raised. A bear can outdo a bull any time when he has the money back of him.

All they sell is wind, and the bull has got to pay for the grain. So I say there is another thing we can do. Why not put these fellows out of business? We farmers have kept these fellows long enough and they are of no use to us. Put them on the soup lines as they have put a lot of farmers on the soup lines.

Now, I have taken up a lot of your time. I could go on here for hours if I attempted to tell you all the farmer's troubles, but I want to thank you for your patience, and I hope you will get busy and do something for the farmers. If you do not do something, you may not come back, because they sent you down here to do something for them. [Laughter and applause.]

I thank you.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. IGOE].

Mr. IGOE. Mr. Chairman, I should like to take the present opportunity of discussing the history, aims, and accomplishments of the Federal Deposit Insurance Corporation which has suggested some of the proposed amendments that we are now considering. I shall be brief and to the point.

It will be recalled that the Federal Deposit Insurance Corporation was created by the Banking Act of 1933, which was signed by President Roosevelt on June 16 of that year. Even those who were not Members of this House at that time will recall that something had to be done to revive the prostrate banking system after its collapse in February of 1933, when it ceased completely to function as a result of the banking holiday proclaimed by President Roosevelt on March 6th. I shall not dwell upon the condition of the country and the state of mind of our people in that dark hour. I think it is sufficient for my present purposes merely to say that catastrophe and ruin were averted by the President's historic reassurance to the country in his now-famous and celebrated fireside broadcast, and by the brilliant and timely conception and introduction of the legislation providing for the Federal insurance of bank deposits.

To my mind the administration and the country have every reason to be proud and thankful that the Federal Deposit Insurance Corporation has been so successful in accomplishing its primary objects of restoring the confidence of the people in banks and of rebuilding the entire banking structure. Here is an agency which has done its job without fanfare or the blowing of trumpets. It has dispelled the fear that gripped the Nation's depositors. It has helped to strengthen and remake a banking system that had crumpled and failed. It has won the respect of bankers in rural communities and business centers as well. In a word, it has done a gigantic task in a superb manner. Its efficacy as an agency of recovery is well attested by the regular reports received in Washington from State directors of the National Emergency Council. These reports represent an unbiased cross-section of public opinion in the States. A summary of those submitted for the month of March reveals that in no State has an unfavorable reaction to the Federal Deposit Insurance Corporation been noticed. Thirty-five State directors report definitely favorable reactions, many of them saying that the corporation is generally considered the most universally beneficial of the recovery measures.

I should like at this point to extend my remarks in the RECORD by reading in the text of the reports to which I have just referred.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The matter referred to is as follows:

SUMMARY OF PUBLIC OPINION CONCERNING FEDERAL DEPOSIT INSURANCE CORPORATION

ALABAMA

Never any criticism of this activity. Stands highest in public opinion of all emergency measures; has restored confidence in banks and resulted in greatly increased deposits.

ARIZONA

Apparently public very favorable to F. D. I. C. This agency has restored confidence in all banks and undoubtedly exerted considerable influence in abolishing hoarding on the part of the people who had previously felt that banks were unsafe and that they should keep their money in cash at home. Every bank in this State except one is a member. Information at hand indicates that the citizens of the district where this bank is located are very dissatisfied and are not depositing their funds in this bank due to the fact that it does not have deposit insurance. Considerable interest expressed by public in the announcement that deposits in building-and-loan associations might be insured. General summary would be that the public is very much interested in continuation of deposit insurance and that it is a very determining factor in restoring and maintaining confidence in the banking institutions.

ARKANSAS

Representative bankers advise that public reaction to F. D. I. C. is 100 percent favorable. Great majority of bankers also favorable, but believe present limit might wisely be reduced to \$2,500. Two bankers state they are strongly opposed to plan in principle. None interviewed has ever heard criticism of insured deposits by customers.

CALIFORNIA

Public opinion strongly back of Federal Deposit Insurance Corporation, despite objections of some larger banks to pay premiums.

COLORADO

Public opinion here practically unanimous in favor of F. D. I. C.

CONNECTICUT

Public seems entirely indifferent to present Federal deposit insurance law. Some 12 or 13 banks in Connecticut have not subscribed to plan and their deposits have not been affected. Some depositors inquired of their banks about this insurance when it became effective, but none has mentioned it to the Hartford banks in months. There is no demand here for increasing amount of insurance above five thousand, as 95 percent of all accounts are fully protected under present law. No Connecticut savings banks subscribed to plan because of adverse opinion of State attorney general. I can find no objection by saving-bank depositors. State director personally feels that the present \$5,000 limit is sufficient in Connecticut. This State has been particularly fortunate in having very few bank failures.

DELAWARE

Due to the fact that no bank failures occurred in Delaware, the public has shown little interest in F. D. I. C. Contacts made are all favorable.

FLORIDA

Have contacted 20 various business houses. Everyone heartily endorses the F. D. I. C. Believe this sentiment universal in Florida.

GEORGIA

F. D. I. C. was welcomed by great mass of people. Has been important factor in restoring confidence in banks, particularly smaller institutions. Regarded by many as one of most constructive steps in present national administration. Increased savings deposits in many banks believed traceable to insurance plan. While activities not subject to general discussion now, individuals and business, especially smaller business, finding satisfaction in safety provided by its operation.

IDAHO

Deposit insurance remains the cornerstone of public confidence in banks. Bankers admit F. D. I. C. has produced solid public confidence in banks. Public opinion overwhelmingly favorable and confidence in banks remains solid with deposits increasing.

ILLINOIS

Report not received up to April 12, 1935.

INDIANA

Has restored confidence in banks.

IOWA

Public reaction to F. D. I. C. definitely favorable. Small depositor, which includes savings depositor, is very favorable to insurance of deposits. Best evidence of this is literally hundreds of cases reported to us of money taken from Postal Savings, from hoardings, and from larger banks in border States and deposited in Iowa banks after inception of F. D. I. C. There is some disposition to the belief that insurance is so satisfactory to the depositor that he does not seek other investments. It tends to restore confidence in the bank and thereby stabilize banking conditions and satisfies small depositor, who as a rule is the cause of runs on banks. Public is grateful and happy for benefits of F. D. I. C.

KANSAS

Banks now beginning to fully appreciate the value of this activity, with the result that an increasing number are subscribing. It has greatly increased confidence in financial institutions. However, many banks still remain without insurance.

KENTUCKY

Much appreciated by public generally. Resulted in growing increase of deposits in all banks. Smaller banks quite enthusiastic. Some larger institutions feel their independence, objecting to expense of operations. These objections made some months ago, but little protest at present time. Unquestionable demand for retention of act.

LOUISIANA

My opinion public reaction Federal Deposit Insurance Corporation present act should be made permanent. Adds stability and confidence in banks, decentralizes and distributes deposits, and eliminates the chance of run on banks from small depositors. Some bankers indifferent and feel their institutions command confidence without insurance feature. Small banks in country generally favorable to deposit insurance.

MAINE

Public sentiment favorable to F. D. I. C. Maine commercial banks favor this. State savings banks have centrally managed liquidity fund.

MARYLAND

Activities progressing quietly.

MASSACHUSETTS

Report not received up to April 12, 1935.

MICHIGAN

From every source I get only favorable public reaction to Federal Deposit Insurance Corporation. Belief quite general that this agency is reestablishing faith in banks. Increased deposits in Michigan banks best proof of renewed confidence.

MINNESOTA

Agency has done outstanding work, and 95 percent of banks in this State are insured. Public well-informed and very favorable toward this activity. Agency 100 percent efficient and popular with both public and banks. Exceedingly popular and has produced great public confidence in banks.

MISSISSIPPI

Public opinion appears entirely favorable to Federal protection.

MISSOURI

Reaction of public and State banking department to F. D. I. C. is universally favorable. Deposits substantially increased. More than 500 State banks have voluntarily come under F. D. I. C. and only 40 have not. Most of these 40 are small or family banks, and expense is deterring factor. The favorable public reaction is general over entire State and also the four-State area. It is recognized as an essential part of the banking system.

MONTANA

Has greatly restored confidence and receives almost unanimous acclaim.

NEBRASKA

Agency has made a fine record in this State, with a high percentage of deposits now insured.

NEVADA

After experience of last 3 years, when banks were blowing up like firecrackers in Nevada, depositors unequivocally approve deposit-

insurance plan. They are not interested in howl of big banks who may have to carry premiums for some of their weaker brethren. They feel this latter will be an incentive to insist on good banking practices and will insure national supervision and inspection.

NEW HAMPSHIRE

About 1 out of 50 know anything about it. New Hampshire Bankers' Association reports public neither informed nor interested. Reaction nil.

NEW JERSEY

There is little comment concerning this agency, but it is believed that this activity has full public support.

NEW MEXICO

Have heard of no comments, either pro or con, in New Mexico.

NEW YORK

Public reaction to F. D. I. C. not wide-spread but generally favorable. Larger banks in Manhattan protest method of assessments, claiming only insurable amounts of deposits should be taxed. Otherwise not opposed, although unenthusiastic.

NORTH CAROLINA

General public reaction most favorable. Find in contacting number of bankers, who will eventually help mold public opinion, in vast majority think \$5,000 coverage sufficient and favor definite premium sufficient to cover, but to be lowered if justified later. Majority favor premium on insured deposits only. Five thousand limit covers 95 percent depositors' banks this State.

NORTH DAKOTA

Public attitude and editorial comment uniformly favorable.

OHIO

Program has been exceptionally beneficial and remains least criticized of all emergency agencies.

OKLAHOMA

Public reaction reveals this is one Government program with which general public will go all the way. No derogatory comment to F. D. I. C. was made in interviews with large number of Oklahoma business men and individual depositors. Editors and newspaper-clipping bureaus report State-wide approval of program as reflected in press. Increased deposits indicative of restored confidence. Group 4 of Oklahoma Bankers' Association in convention at Ardmore yesterday passed resolution recommending titles I and III, Congressional Banking Act of 1935, and commending work of F. D. I. C. Group 5 in Tulsa today expected to pass similar resolution, according to secretary of association. These group meetings represent approximately 450 eastern Oklahoma bankers. State banking commission reports only two failures in State banks since inception of F. D. I. C. Continuance of F. D. I. C. under competent management felt essential to continued faith in banking system.

OREGON

Has produced desirable feeling of security of average citizen in his bank account.

PENNSYLVANIA

Has functioned very successfully and restored confidence. Has greatly strengthened banking system, although many small banks, due to limited capital, criticize the provision compelling them to join the Federal Reserve System by July 1, 1937, in order to maintain their insured status.

RHODE ISLAND

Banking situation here unusually strong; therefore, except for added confidence due to F. D. I. C., difficult to determine public reaction.

SOUTH CAROLINA

Has restored confidence in banks. Comment is frequently expressed that this program is one of most important in "new deal." Public has great faith in this activity.

SOUTH DAKOTA

Comment wholly favorable, with the exception of a very few bankers who are opposed to the principle of this activity.

TENNESSEE

Has restored public confidence in banks.

TEXAS

Well-staffed and functioning effectively.

UTAH

Public unanimously for F. D. I. C., although some bankers and financial interests remain skeptical.

VERMONT

Public reaction to F. D. I. C. quiet but favorable. About half the banks use their participation in their advertising. Bank public apparently take it as an accomplished fact and rely upon it, although not particularly outspoken in their comment.

VIRGINIA

Report not received up to April 12, 1935.

WASHINGTON

Has resulted in vastly improved banking conditions and a general increase in deposits, although need is seen for means to enforce provisions of F. D. I. C.

WEST VIRGINIA

Public reaction to F. D. I. C. quite sympathetic and deposit insurance has stimulated confidence in banking institutions. De-

posits have materially increased. Bankers, however, are opposed to proposed amendments to existing law now pending in Congress.

WISCONSIN

Don't hear about it. Deposits on increase. Only through re-statement of fact that money is in circulation do we know about its works. Banks favorable.

WYOMING

Banks noncooperative toward this activity.

Mr. IGOE. The first meeting of the directors of the Federal Deposit Insurance Corporation was held on September 11, 1933. At that time Mr. Walter J. Cummings, of Chicago, was chairman; Mr. E. G. Bennett, of Ogden, Utah, an associate of the present Governor of the Federal Reserve, was the Republican appointee; and Mr. J. F. T. O'Connor, Comptroller of the Currency, was the ex-officio member of the Board. The date is important because almost 8,000 banks which were not members of the Federal Reserve System had to be examined before January 1, 1934, in order for them to become entitled to the benefits of deposit insurance. On January 1, 1934, 12,617 banks with 52,750,000 insured accounts were members of the temporary Federal Deposit Insurance Fund. These banks had aggregate deposits of about \$36,000,000,000, of which \$15,000,000,000 were insurable under the provisions of the law. Of the total 12,617 banks, 6,754 were State banks not members of the Federal Reserve, 802 were State bank members, and 5,061 were national banks. No wonder President Roosevelt could thank Mr. Cummings upon his retirement in the early part of 1934 "for a big job well done."

When the present chairman, Mr. Leo T. Crowley, of Madison, Wis., succeeded Mr. Cummings in February 1934, confidence in banks had been largely restored, but there remained the task of putting those banks which were members of the fund in a condition which would minimize losses to the depositors and to the Corporation. This was necessary in view of the fact that banks could gain membership in the fund upon a mere showing of solvency, a test which events and experience have demonstrated is not sufficient protection either to the depositors or to the fund. Due to the fact that the first examinations of the banks were of necessity hasty and somewhat cursory, owing to the short time between the formation of the Corporation on September 11, 1933, and the time when the insurance of deposits went into effect, namely, January 1, 1934, it was imperative to reexamine many of the banks for the purpose of correcting unsound practices and restoring the impairment of capital which was found to exist in all too many banks. That many of the banks should be in a weakened and deplorable condition is not to be wondered at when it is recalled that from 1921 through 1932 almost 11,000 banks suspended, involving five billions of deposits. This represents an average of over 900 banks with deposits of over \$400,000,000 suspending during every year of this period. This record presents a striking contrast to the experience during the first year of Federal deposit insurance. During 1934 only 57 licensed banks, with deposits of about \$37,000,000, suspended operations. Of this number, 9 banks, with less than \$2,000,000 of deposits, were insured.

My own State, Illinois, furnishes a good example of the improvement which has taken place. During this same period, 1921 through 1932, an average of 63 banks, with deposits of about \$38,000,000, suspended. In 1934 only 2 licensed banks suspended, and their deposits totaled only \$360,000.

This record bears strong witness to the success of the program of bank rehabilitation made necessary by the debacle of March 1933 and carried out by the Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation during the past 15 months.

Fortunately for the country, Mr. Crowley perceived the impossibility of creating an insurance fund which would be large and strong enough merely to pay out losses. He and his associates pursued the rehabilitation program with a vigor and persistency worthy of emulation by all Government officials. The problem was to place the capital position of the banks upon a basis that bore a reasonable rela-

tion to the amount of their deposits. In other words, the deposit liability of the bank should not be grossly out of proportion to its unimpaired capital. The standard of \$1 of unimpaired capital for every \$10 of deposits was largely used in determining whether banks were safe risks for their depositors and the Corporation.

In order to establish this ratio it was necessary to get the needed capital either through local contributions or through the Reconstruction Finance Corporation. Up to December 31, 1934, 5,451 banks received additional capital amounting to \$851,296,000. Of this number, 1,759 were national banks and 3,692 were State banks. The R. F. C. contributed \$440,827,000 to the national banks and \$410,469,000 to the State banks. Local contributions to State banks amounted to around \$227,000,000, which includes a substantial proportion of deposits which were converted into stock and which may be considered in a certain sense as constituting local contributions. To my mind, these figures are eloquent evidence of the fine accomplishments of the F. D. I. C., the splendid cooperation of the R. F. C., and the practical patriotism of the local communities. It is no exaggeration to say that were it not for the united efforts of the governmental agencies and the sacrificing spirit of the stockholders and depositors the banking system of the United States would probably have collapsed and fallen to pieces. As is always the case, these magnificent results were not obtained without hard work and laborious negotiations. I think it is only fair to give credit to the officials and personnel of the F. D. I. C. for a great deal of the success of this rehabilitation program. It is largely through their efforts that the various State supervising authorities were persuaded to induce the officers and stockholders of the weaker banks to apply to the R. F. C. for needed capital or to raise the necessary funds through local contributions. Had it not been for the zeal and energy which the responsible authorities of the F. D. I. C. exhibited, little would have been done toward correcting the unhealthy condition which many of the banks were in.

The Corporation has done an equally good job in discharging its liabilities to depositors of closed banks. The contrast between the system which prevailed in the old general receiverships and that used by the Corporation is made very tangible and concrete by the fact that claims of depositors in the nine banks which closed during 1934 were paid on the average within 10 days after the Insurance Corporation took control of the banks' affairs. I have no doubt that many of you have personal knowledge and experience of cases where depositors under the old method did not receive all of their money for months and even years after the bank had closed its doors. The nine banks which closed had a total deposit liability of \$1,900,000 and the insured liability of the Corporation totaled \$950,000. As these banks are still being liquidated, it is impossible to tell what the eventual loss to the Corporation will be, but it is estimated that it will not be very large.

While the F. D. I. C. may not be as well known as some of the other new-deal agencies, you can get some idea of its size and importance and wide-spread influence when you consider the following facts:

On January 1, 1935, 14,212 banks were members of the Temporary Insurance Fund. There are only about 1,060 commercial banks in the whole United States which are not members. The membership is made up of the following classes of banks: 7,702 State nonmember banks, 5,462 national banks, 980 State member banks, and 68 mutual savings banks.

As of October 1, 1934, the last date for which these figures are available, 14,125 banks belonging to the fund had 51,250,000 depositors. Fifty million four hundred thousand depositors were fully insured. Only 800,000 were partly insured. The 14,125 banks had total deposits of over \$37,000,000,000, of which \$16,500,000,000 were insured. This tremendous financial liability of the Corporation is equal to more than half of the total debt of the United States Government.

For those of you who like percentages, 98.5 percent of all of the depositors were fully insured under the present \$5,000

maximum limit. If the present limit were raised, the liability of the Corporation would be increased to almost \$30,000,000,000, and such an undertaking would probably destroy the fund and provide additional coverage for only one out of every 100 additional depositors. Nine thousand nine hundred and sixty-eight banks have a ratio of insured to total deposits of 80 percent or over. This means that 69 percent of all of the insured banks are at least 80 percent insured. In this classification are 54 percent of the national banks, 44 percent of the State member banks, and 83 percent of the insured State nonmember banks.

Since June 30, 1934, the deposits of all the insured commercial banks and trust companies increased from \$35,800,000,000 to \$39,000,000,000, a rise of \$3,200,000,000.

These facts and figures demonstrate that the F. D. I. C. plays an important part in the lives of almost half of the entire population of the country. Its influence is, or will be, felt not only in the great metropolitan centers, but also in the outlying and sparsely settled rural sections. It safeguards the deposit of the widow, the farmer, the laborer, the merchant, the manufacturer, and the investor. It has allayed fears of runs in Wall Street and has prevented the tragedies of bank closings in Main Street. If you have the best interests of bank depositors at heart, and I may say this Corporation has made it politically expedient for you to do so, and if you desire to have this Corporation continue to be a stabilizing and steadying influence in our banking system, you must give the Corporation the power it is seeking in the bill now pending. The surest way to defeat deposit insurance and to bring about another paralysis of our banking is to deny to the Corporation its right to examine banks before and after they are admitted to the Fund and to make it a mere disbursing agency without a voice in the supervision of going banks and the liquidation of closed banks. For myself, I intend to carry out the wishes of my constituents by doing everything within my power to increase the safety of their deposits and the soundness and efficiency of the F. D. I. C.

It is my firm conviction that an institution which has been as ably administered as the Federal Deposit Insurance Corporation and which has carried out the legislative intent so well and so faithfully deserves the approbation and encouragement of this body. I, therefore, trust that my fellow members will see fit to adopt the proposals the officials of the Federal Deposit Insurance Corporation have made in this bill as a result of their earnest study and consideration, seasoned as it is by over 15 months of first-hand experience of the operation and effect of the original law. I hope that this measure will receive the enthusiastic support not only of Members on this side of the House but also of our distinguished opponents. Insurance of deposits is neither partisan nor political. It is intimately connected with the economic and financial welfare of almost half of our population. It is truly a new deal for depositors and the country at large. It is for the large and small, the rich and poor, the townspeople and the country folk. It has been the salvation of our banking system. It must not be allowed to fail. [Applause.]

Mr. ARNOLD. Will the gentleman yield?

Mr. IGOE. I yield.

Mr. ARNOLD. Has the gentleman considered the advisability of limiting the deposit insurance to \$5,000?

Mr. IGOE. That is where the limit should be placed.

Mr. ARNOLD. The gentleman thinks it should be placed at \$5,000, rather than to have it regardless of the amount?

Mr. IGOE. I think it should not be increased beyond \$5,000. I think that is the opinion of the people who have given study to this matter.

Mr. PIERCE. What reason can be given for limiting it to \$5,000? Why should not the man who has \$10,000 reap the benefit?

Mr. IGOE. There are many reasons. One is because the cost of the insurance would be much higher and those persons possessed of \$10,000 are not as much in need of protection as those possessing \$5,000 or less.

Mr. ARNOLD. Would it not have the effect of causing deposits to be invested in industrial activities rather than be piled up in the banks?

Mr. IGOE. That is true. [Applause.]

Mr. HOLLISTER. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

THE OMNIBUS BANKING BILL

Mr. SAUTHOFF. Mr. Chairman, I shall confine my remarks to only two aspects of the pending legislation, one relating to title I and the other to title II.

The first concerns the provision revised in the bill as originally introduced, requiring that State banks must join the Federal Reserve System by July 1, 1937, in order to be entitled to the benefits of deposit insurance. This provision, I am very happy to say, has been stricken by the committee. I sincerely trust that my colleagues will see fit to support the committee's action in this respect.

Wisconsin has traditionally and politically been an advocate of an independent banking system and the friend of the small banker. From the earliest days of its pioneers and settlers down to our times the liberty-loving Germans, Norwegians, Irish, Scotch, and Polish, together with Yankees from New England, led by men like Carl Schurz, Colonel Dodge, W. D. Hoard, Robert Marion La Follette, E. I. Kidd, John J. Blaine, and others, fought for a banking system which served the needs of the community. Had it not been for the jealous manner in which the banking system was guarded and kept free by these pioneers and leaders, the thriving communities which today dot the whole State of Wisconsin might never have come into being.

The small Wisconsin banker has played a major part in the development of the State's great dairy business, its diversified manufacturing enterprises, its wonderful system of schools and roads, its vast natural resources, its famed resorts and recreational sections. In a word, the small-town banker has helped to weave the very fiber and structure of the State's economic, educational, and everyday life. Hence it is that the people of Wisconsin have naturally come to take a genuine pride in the part that the independent banker has taken to advance the State to its present state of importance in our country.

For these and other reasons, I am opposed to the investment of vast centralized institutions with complete domination and control of the credit needs of the community. Experience has demonstrated that large banks cannot and do not take the place of locally owned banks in smaller communities. The local banker, through his lifetime association with his fellow citizens and neighbors, is better able to appraise the needs and the credit risks of his customers than is a stranger sent in by a large bank to operate one of its branches. The relationship which exists between the local banker and his depositor is one that can never be achieved by outside interests.

While it is true that many of the smaller banks throughout the country and also in Wisconsin experienced great difficulties of one kind or another, nevertheless recent surveys have shown that the losses incurred by the smaller banks upon their loans were considerably less than those resulting from depreciation of their investments. To my mind, this is striking proof of the fact that the local banker is a good judge of the credit risk and needs of the people he serves. It is also an indictment of the large eastern banks and security houses, upon whom can be placed the responsibility of having filled the investment portfolios of many of our banks with securities of doubtful value.

No doubt most of you are familiar with the practice of large banking houses in the offering of securities to their country correspondents in the banking business. The offerings listed class A-1 securities, and other offerings listed class B securities. If the buyer took some class B offerings, he also got some of the choicer class A offerings. These securities were in turn sold by the country banker to his customers, and as a result the investing public absorbed huge blocks of class B securities. Like block-booking in the motion-picture industry, the country banker, and through him the investing public, were sold junk along with good investments. Another

unethical trick worked by large banks and investment houses was to make a doubtful loan, because there was a fat commission in it, and then work it off on the public by means of a bond issue, a preferred-stock issue, or both. If the loan was large enough, it could be further diversified by different classes of stocks and bonds. This method of high finance reached its acme of perfection when the Napoleons of finance discovered that instead of floating one such financial set-up they could combine five or six of them, and top it all off with a holding company, which, in its turn, could also issue doubtful securities which could be and were secured by the class B securities of operating companies. What a saturnalia of financial debauchery resulted! The tragedy of it was the disillusionment of the investing public, its loss of confidence in bankers everywhere, its withdrawal of funds through fear, and the collapse of our entire banking system.

There are other reasons why the action of the committee in deleting the provision about compulsory membership in the Federal Reserve System should be supported. I think those of you who represent States which had to pass enabling legislation to permit your own banks to become members of the temporary deposit insurance fund will find that such legislation was passed upon the express understanding that the State banks would not have to go into the Federal Reserve System in order to obtain the insurance. I know that this was so in the case of my own State when, in 1933, the legislature amended our laws to permit the State banks of Wisconsin to qualify for membership in the deposit fund. It therefore seems to me that the question of the integrity and good faith of the Congress is involved. I think you will agree with me when I say that a large majority of the banks throughout the United States have supported the Federal insurance of deposits upon the assumption and understanding that they would not be forced or driven into the Federal Reserve System.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. HANCOCK of North Carolina. Does the gentleman take the position that membership in the Federal Reserve System should operate unit banking in the country?

Mr. SAUTHOFF. Not necessarily.

It is perfectly obvious that compulsory membership in the Federal Reserve System is the first step toward a unification of all of the banks in the country. It is equally obvious that once the State banks are corraled into the System they will soon lose their identity as State institutions. This means, of course, that their supervision and regulation would be taken away from the State authorities and vested in Washington. I am satisfied that very few, if any, of the several States are now ready to surrender this sovereign right of regulation to the Federal Government, and I, for one, am unalterably opposed to such a surrender of our rights.

December 31, 1934, there were 623 licensed banks in the State of Wisconsin. Six hundred and seven of these were insured. They were classified as follows: Four hundred and eighty-three were State banks not members of the Federal Reserve System, 106 were national banks, 13 were State bank members of the Federal Reserve System, and 5 were mutual savings banks. The fact that the Federal Reserve System has been in operation for about 22 years and has succeeded in getting only 13 State banks in Wisconsin to become members is positive proof that the people of the State do not want their banks to be forced into the System. I think the same sentiment exists throughout the rest of the country, since only a little over 900 State banks in the entire United States have become members of the Federal Reserve System since its inauguration in 1913.

There can be no doubt but that the Federal Deposit Insurance Corporation has done a good job and will become a permanent part of our financial and banking structure. For that reason I think the committee's action in doing away with the requirement of membership in the Federal Reserve System as a condition precedent to deposit insurance ought to be vigorously sustained. To impose onerous burdens as

conditions precedent to obtaining the benefits of insurance seems to me to be short-sighted and inimical to the best interests and to the future well-being and development of the Federal Deposit Insurance Corporation. There appears to be grave danger that if we were to compel 7,000 or more State banks to join the Federal Reserve System before they could get their deposits insured, there might be such a united resistance to the whole proposition as would result in a virtual nullification of the beneficent purposes of insuring the money of the depositor. That is to say, if you make membership in the fund so burdensome and unattractive as to alienate more than half of the banks in the United States, you may find that the present plan of protecting the depositor would be a curse instead of a blessing.

Since the temporary insurance fund was started in January 1934, there has been a great increase in the deposits of the Wisconsin banks in keeping with the rise shown by banks in other States. I know from my own knowledge that the confidence of the people in the banks has been restored and there is no longer any of the fear that gripped the depositors in the dark days of 1933. Only two small banks which were members of the temporary fund failed in Wisconsin since January 1934. Depositors received their money from the Federal Deposit Insurance Corporation within 10 days after the banks had failed. This in itself is one of the strongest reasons for the enactment of the permanent law for the insurance of deposits since it demonstrates that when banks fail the savings and earnings of the depositors will not be tied up for months or even years as was sometimes the case. I am reliably informed that in the case of one of the Wisconsin banks which closed the Federal Deposit Insurance Corporation will effect a recovery of almost 75 percent. This is a remarkable performance and gives an accurate idea of how well the Corporation is discharging its obligations and accomplishing its purposes.

It must be remembered that the Corporation steps in as a receiver and takes over the assets of the defaulting bank and is subrogated to all claims of the defaulting bank. In this manner the Corporation is able to discharge quickly and without friction or difficulty its obligation as insurer to the public. Such subrogation, to all rights of the depositor is limited however, to the amount of the payment.

The banking system of Wisconsin was in a greatly weakened condition on account of the severe strains put upon it by the collapse of industry and prostration of agriculture. Today the entire banking structure has been so rebuilt and reconstructed that it is in perhaps a better condition than it has ever been. This has been accomplished by the spirit of loyalty and sacrifice of the stockholders of Wisconsin banks who, by their contributions, made possible the aid extended by the Reconstruction Finance Corporation. In this program of rehabilitation the Federal Deposit Insurance Corporation through the wise, the tactful, and withal, the efficient management of its chairman, Mr. Leo Crowley, who has at all times stood ready to aid and counsel and befriend, has been a tremendous help, as it was largely through the efforts of this organization and its chairman that the necessary negotiations were initiated and the requisite plans and reorganizations worked out. It is not too much to say that the teamwork displayed by the stockholders, the R. F. C., and the F. D. I. C. has resulted in making the Wisconsin banks sounder and their deposits safer than they have ever been since the first charter was issued.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. HANCOCK of North Carolina. Does not the gentleman believe that if all the banks in the country were in the Federal Reserve System it would be a great protection to the great Deposit Insurance Corporation?

Mr. SAUTHOFF. I do not want to enter into any debate about a unified banking system. I appreciate that there is an argument in favor of it, but I come from a rural race that believes in the independence of the individual and his right to work out and solve his own problems. I personally

feel I do not want all the powers of the banks centralized right here in Washington.

Mr. HANCOCK of North Carolina. I fully respect the opinions held by the gentleman, which are contrary to mine, but I am wondering if he has had an opportunity to consider the additional advantages and the real benefits which the Federal Reserve System is now extending to nonmember banks under this bill.

Mr. SAUTHOFF. I, perhaps, am not as well or as thoroughly acquainted with them as the gentlemen of the committee, but I appreciate that a great deal has been done, and it has been a blessing that it has been done.

Mr. HANCOCK of North Carolina. I assume the gentleman also understands that under the proposed section 202, which was submitted to us by the Governor of the Federal Reserve Board, and had his approval, all qualifications for entrance or admission to the Federal Reserve System as of July 1, 1937, were being waived, and that any bank enjoying the benefits of the Federal Deposit Insurance Corporation would be eligible for membership in the Federal Reserve System.

Mr. SAUTHOFF. Which, of course, would mean that their qualifications have already been checked.

Mr. HANCOCK of North Carolina. That is correct.

Mr. SAUTHOFF. All right. I should like next to address myself to title II of the pending bill and more particularly to that provision which vests in the Federal Reserve Board the credit and monetary control.

I am not deluding myself with the vain and futile hope that this title will eliminate depressions, nor do I feel that Government control is perfect, and, that therefore, if we pass this measure, our financial ills will be over. In fact I am exceedingly skeptical of title II. If it were possible to pass titles I and III, without title II, I should be in favor of such a movement. If, however, we must take title II in order to secure titles I and III, then I shall vote for it. But I shall do so with my eyes open and the knowledge that the future is by no means financially secure. In any event, bankers' control has been a failure, and I am prepared to support a policy which deprives them of control in the future. I believe that one of the inherent powers of any Government is the right to control its monetary system.

I am not unmindful of the fact that governments are made up of human beings, and that human beings means the human equations. The human equation is not perfect and must always sooner or later produce mistakes. These mistakes, when made with money and banking, affect millions of lives and result in untold agony and misery. Yet, how is it possible to set up any control without the human equation? We must use somebody and in the face of our experience in the not far distant past, I prefer to trust the Government rather than to place any more reliance on selfish and grasping market manipulators, who passed themselves off on society as bankers and investment brokers.

Far too long have we suffered from the domination and control of Wall Street. We have had enough of the type of control exercised by the big bankers. It is high time the Mitchells, the Wiggins, and the other pirates of finance were driven from the temple. We must release the fingers of the financial giants from the credit pulse of the Nation. There must be no repetition of the damnable practice of the banks loaning depositors money to feed the fires of speculation. We must have men in control of our credit requirements who will not be so blinded by selfish interests that they cannot read the handwriting upon the wall of impending disaster. The flow of credit must be so regulated and supervised that the small business man will be able to get his share. Stringency in the money market must not be manipulated to the advantage of the few and the detriment of the many. Vesting control in the Federal Reserve Board of the credit and monetary forces of the country has been long overdue. The blessings of a free government can never be achieved by the present system of domination by private banking. Private banking has had a fair trial; it has been weighed in the balance and found wanting. Private bankers cannot now complain if by their

conduct they have forfeited all rights to our confidence and our trust.

I well recall back in 1912 when we campaigned—and I was one of them—for the present Federal Reserve System.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SAUTHOFF. We were quite enthusiastic that depressions had been solved and that financial ills were a thing of the past; that from then on we would never again experience a depression. I have learned since by not only general experience, but my own bitter personal experience that that was not true, and so I am somewhat skeptical about the present cure for future ills in the financial world.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. KENNEY. Does the gentleman know why the Democratic platform of 1912 declared against a central bank?

Mr. SAUTHOFF. I do not.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. MARTIN of Colorado. Do I understand the gentleman to be criticizing the bill upon the ground that title II does not take control of the monetary system and credit policy away from the bankers and vest it in a Government agency?

Mr. SAUTHOFF. I am only too glad that it is being taken away from the bankers.

Mr. MARTIN of Colorado. I understood the gentleman a moment ago to be criticizing title II of the bill upon the ground that it did not do that.

Mr. SAUTHOFF. Perhaps I did not make myself clear. The thing I wanted to point out was that the old system relied on human control. The present system will rely on human control. Now, if it comes to which humans I must trust, I prefer the Government 100 percent to the bankers who have had it and have failed so miserably in their control.

But I appreciate this fact, and I think the gentlemen of the committee will agree with me that if you are going to attempt to stabilize and regulate you have these so-called "controls" to be exercised by a central banking system. That is the open-market manipulations, the discount rate, and so on. Rather than putting it all in the control of the Government or whatever party is in office, because I have no feeling about it politically, I would be perfectly willing to trust the present President with it; I would rather have it so diversified in its personnel that it could not be all one thing, let us say, all of the majority party, such as it is now all of a certain class of bankers. I would rather have diversification so that there would be a check one on the other.

Mr. MARTIN of Colorado. I know the gentleman has been here like myself attentively throughout the debates. The gentleman has heard this title II very severely criticized by speakers on the minority side on the ground that it did transfer control over the monetary system of the country from a private to a governmental agency. I was rather disturbed by what the gentleman said a few moments ago, which indicated the thought in his mind, that there was not any change whatever made in that control, and on that ground he was not favorable to title II of the bill. I may have misunderstood the gentleman.

Mr. SAUTHOFF. I will tell the gentleman that I will go along on any proposition that will take it out of the hands of those who now and have in the past had control of it. The gentleman and I see alike on that point.

Mr. MARTIN of Colorado. I will say to the gentleman I am one on the majority side of the House who always listens to the gentleman and has a very high regard for his views and judgment.

Mr. SAUTHOFF. I thank the gentleman. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. STEAGALL. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies, and gentlemen of the Committee, I am not appearing before you again merely for the purpose of making a speech. As you well know, I was interrupted so much day before yesterday in my humble effort to discuss the major proposals in title II of this bill that I did not have an opportunity to fully complete my exposition. Again, I want to emphasize that the heart of title II, and the outstanding major objective to be accomplished through this legislation, is the complete centralization of the responsibility and authority for control over the volume of our money in a central body, the Federal Reserve Board, charged with the public interest. Without this legislation it is almost futile to attempt any fundamental changes in our present haphazard, confused, and inequitable economic system. Selfishness in human nature will never be voluntarily eradicated. The weaknesses and frailties of man are here to stay. In supporting this great humanitarian and constructive legislation I do not make the claim that through its operations we will reach the millennium in government. It will probably do as much toward that ultimate end as any law of man could do. True, it is revolutionary, though it is not a new step in the conception of the duty of a central government. I have for more than 2 years contended, privately and publicly, that the policies of the new deal would rise but to fall again unless a governmental agency, through the power of Congress, initiated and operated the monetary policies of the Nation. In the light of changing economic conditions and the attitude of the people in their demands for more effective economic protection and security, nothing that we may do here will have any permanent beneficial effect unless there is control of the "lifeblood" for the public interest. Though we should continue to carry on our financial operations through the banking system, except where it can be done legitimately without resorting to borrowing, I think we should not forget that the power to issue money and regulate its value is the sole prerogative of Congress. I mean it belongs to society. We should therefore never feel an utter dependence upon private banking. Frankness compels me to state that the fault heretofore has not been in the stars or altogether in the perfectly human bankers, but in ourselves, that we are underlings.

To my thinking, this bill marks the most forward step in liberal government ever taken by this country. It is the most important banking and monetary-policy legislation that has been presented to Congress since the Civil War. If the goal placed before the Federal Reserve Board, as provided in the bill, is attainable within the scope of monetary action and credit administration, we may reasonably expect an improved and more righteous economic system in America. No sane person with a semblance of knowledge of these matters would, however, claim that all of our troubles, inequalities, and dislocations can be cured through monetary action. So far as the creation of business activities, with resultant profits, is concerned, money must be kept in useful circulation. Under our system money is created by debts, and only by spending can there be any income. Its effectiveness, of course, is dependent upon the speed with which it moves, as well as the amount involved.

All of us now realize that in a capitalistic economy unemployment will always be with us unless there is from now on a more equitable distribution of the Nation's production wealth. This should be progressive, and its success will depend on other factors coordinated with monetary policies.

I am sure that you will be interested to know that the last report of the Brookings Institute for the year 1929, giving the figures of the distribution of the national income, shows that one-tenth of 1 percent of the families at the top of the list received as much income as 42 percent of the families at the bottom of the list; or, translated differently, the average income per family at the top was equivalent to the average income of 420 families at the bottom. In the same connection it might also be interesting to you to know that the report of the Bureau of Economics of the Department of Commerce shows the startling information that in the same year, 1929, more than 68 percent of the American families had a gross income of less than \$1,500.

Some of my good friends on the other side of the Chamber have missed no opportunity during the debate on this bill to criticize the Government's spending program. Unless private business is willing to spend, and it will not unless there is a reasonable opportunity for profit in sight, what else can a Government do under its obligation to protect the people against the ravages of destitution and starvation? Who is there among us who would criticize the Government that provided food for his own children when the cupboard was bare and there was no work to be found? Who is there with a conscience in his soul and a spark of humanity in his heart who would balance a budget at the expense of starving children? With all this criticism, no small portion of which comes from partisan minds, the recent report of the Treasury Department showing that the regular Budget of the Government was balanced for the first time in 5 years, could hardly make for them pleasant reading. To us on this side, however, it was, considering the difficult problem facing the Treasury Department, a pleasant and agreeable surprise and but confirmed our faith in the splendid financial leadership of this administration. It is true that our extraordinary budget shows nothing but a big deficit in dollars and cents, but translated into the saving and rehabilitation of human lives and the production of faith and happiness it would show a permanent surplus and tell another story. It should be highly gratifying to those of us who believe in the purposes of the new deal that, notwithstanding the increase in the national debt from twenty billions at the beginning of the administration to approximately thirty billions today, the present aggregate cost of carrying this increased debt is less than the cost was in carrying the \$20,000,000,000 debt which we inherited from the Hoover administration. The sound and effective operations of the Treasury Department, together with the increased faith and confidence on the part of investors in our Government securities, has resulted in a reduction in the interest rate on bonds of more than 1½ percent per annum.

Now, may I conclude by giving you my opinion as to the benefits which are likely to accrue to the American people as a result of the passage of this bill and other financial measures which have been enacted into law during the Roosevelt administration?

The extreme cyclical periods of booms and depressions should be avoided. Though normal fluctuations will inevitably occur from time to time in prices, trade and business, the piratical, gyrating dollar of the past quarter of a century will be outlawed. A premium rather than a discount will be put upon the public interest and the average man's welfare. It should insure a normal flow of money at reasonable rates and thereby eliminate from time to time the fear of inflation or deflation. In using the words "inflation" and "deflation", I mean unjustified expansion or unjustified contraction. Through the honest, common sense, effective administration of this measure the purchasing power of all classes of our people, the high and the low, the rich and the poor, will be safeguarded against the callous and ruthless manipulation of a few greed-blind bankers who have for almost a century had in their hands the control of the levers of our financial and economic system. It should bring to the average man the assurance of security in his home, his livelihood, and his savings. Through this measure, the money world forms a partnership with the real world. It involves a complete divorcement of private banking from national monetary operations, without in any wise depriving the honest, private banker of his right and freedom to lend when, how, to whom, and where he pleases. My candid opinion is that it will strengthen our banking system and increase public confidence in private banking institutions. It recognizes the small country banker's problems and undertakes to place him, so far as Government assistance goes, on a parity with the big banker. Let not the chorus of critics, many of whom will raid the Treasury to protect their own business any time, and the propaganda of the "boys in the know" frighten you from the duty and opportunity for constructive public service which the adop-

tion of this measure offers. Instead of being troubled, my friends, in its consideration, there is cause for rejoicing. It should in time be the deliverance of a great people, and in truth should be called "The Financial Emancipation Proclamation of the Twentieth Century."

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. FARLEY].

Mr. FARLEY. Mr. Chairman, having been a member of the Committee on Banking and Currency and a member of the Seventy-third Congress which passed the deposit insurance law, I must confess to be very much gratified at the almost universal popularity of the law and the very fine things that have been said regarding it. I want to remind you of this, however, that the guaranty-insurance deposit law did not always have such smooth sailing. In the early sessions of the Seventy-third Congress we had just about the same opposition, from the same sources, almost identically in the same manner that we are now having opposition on title II of the bill. I have a feeling that if this bank law is passed as it has been written, and as it is now under consideration, that in 2 years' time title II will be just as popular as the insurance provision in the law at the present time.

I think we can all agree that insurance of bank deposits came into the Federal law at a time when there was the greatest need for restoration of public confidence in the banking structure of our country. I think, too, we can agree that the general acceptance of the principle has operated to restore and maintain that confidence. We are engaged in an effort to work constructively toward the end that there may never be in our country a repetition of the financial collapse that has accompanied the late persistent depression. We can work toward this end and succeed with the cooperation of all who are immediately concerned with the safety of bank deposits—that is, ultimately with the public who deposit money, and can support their leaders in Congress in passing the administration banking bill.

When a man goes to make a loan from a bank, the bank demands some kind of security. The people who deposit and thus loan their money to the banks have in a real sense demanded that their banks carry insurance on deposits. That is the meaning of the wholesale withdrawal of deposits and hoarding in the 3 years following 1929.

Depressed security, agriculture, commodity, and real-estate values, followed by a sharp reduction in our national income, left many banks with investments which were fundamentally sound but badly frozen. At the same time there was a steadily increasing demand from depositors who were compelled to draw upon their reserves to meet the problems caused by reduced incomes and unemployment. Thus the banks were drained of their normal liquid resources and forced to realize upon their frozen assets at great sacrifices. As this liquidation continued, their remaining assets became more badly frozen, more greatly depressed. But they might have survived had not the specter of lost confidence, followed by fear, and then by panic, driven hordes of depositors to their counters to demand their money not because they needed it, but because of fear of loss. The general economic decline weakened our banks, but it was the consequence of hoarding which closed their doors in many instances. In the interval between the closing of banks in Michigan by the Governor of that State on February 14, 1933, and the closing of every bank in the United States by Presidential proclamation 3 weeks later, the staggering sum of \$1,630,000,000 in cash was withdrawn from the Nation's banks.

Nor was this all. In the 12 months prior to December 31, 1932, deposits in banks had dropped by approximately \$4,000,000,000 during the very period when the President and Secretary of the Treasury were conducting an intensive campaign against hoarding by speeches and patriotic appeals. But they might as well have attempted to sweep back the tides with a broom. At the same time the people were flocking to the United States Postal Savings System. Why? Because the credit of the United States was pledged to se-

cure these deposits, and the people wanted this protection. At that time the Postal Savings System was the only depository available to the ordinary depositor which was in a sense insured. Between June 30, 1931, and April 30, 1933, deposits in this System increased from \$347,000,000 to \$1,159,000,000. This increase occurred notwithstanding the existence of a maximum limit of \$2,500 on the aggregate amount of the deposits of any one depositor. What the increase would have been had there been no such limit would be difficult to estimate. Could the people have given a clear indication of their desire for some system of insurance for banks generally?

With financial transactions throughout the country at a standstill, the State legislatures and Congress speedily enacted emergency measures to cope with the situation. On June 16, 1933, Congress enacted the Banking Act of 1933, a law which was aimed at permanently preventing a recurrence of these conditions. The outstanding feature of this act was the creation of the Federal Deposit Insurance Corporation, to which the United States Treasury supplied \$150,000,000 and the 12 Federal Reserve banks an additional \$140,000,000, making up a total initial capital of \$290,000,000, which has since been augmented by the collection of an assessment upon banks amounting to almost \$40,000,000.

The Federal Deposit Insurance Corporation is charged by Congress with the duty of protecting depositors in insured banks. Every activity of the Corporation is motivated by that objective. This all-important assignment is supplemented by the duty of paying promptly the insured portion of the accounts of depositors in insured banks which for one reason or another close.

The temporary insurance fund has been in operation since January 1, 1934. Fourteen thousand one hundred and thirty-seven banks are now members of this fund. Since the beginning of the fund not a single depositor has lost a penny in a bank which achieved membership. It is well to give this a moment's thought. I do not believe it possible to point to any other period in the history of the United States when for over 16 months not a single dollar of the deposits has been lost amongst so large a group of banks as are represented by the members of the temporary insurance fund.

The Corporation has paid deposits in 12 suspended insured banks. The total deposit liability of these 12 banks at the time they closed was about \$3,000,000. Approximately \$1,900,000 of this amount represents the insured portion, for which the Corporation was liable. Upon the appointment of a receiver by the responsible supervisory authority the Corporation has immediately undertaken the liquidation of its liability to depositors in these banks. The Corporation began to pay off insured depositors within 10 days of the appointment of a receiver. In one case the Corporation paid off about one-third of the insured deposits, or nearly \$50,000 the day following the appointment of a receiver. To my mind this brings home very vividly the tremendous change which has been brought about by the existence of the Federal Deposit Insurance Corporation. It is in striking contrast to the former procedure where the small depositors, who could least afford to do so, were obliged to wait months, even years, before they received any dividends in payment of their hard-earned wages.

It is interesting to note that there are over 9,600 banks in this country today in which deposit insurance, under the present limits, covers 80 percent or more of total deposit liability. Fifty-four percent of all the national banks and 80 percent of all State banks have 80 percent or more of their total deposit liability covered by insurance at the present time. While the extent of the Corporation's liability is not as great in any one of the remaining 4,500 banks, it is, nevertheless, considerable. The reason for pointing out this particular figure is to show you that the Corporation, having a liability to depositors in each of these 9,600 banks, which is at least four-fifths as great as their total deposit liabilities, is vitally concerned with their efficient operation.

In the face of the record since the insurance fund came into effect there should be no occasion to argue its need. However, there are still some who say that it is but a substitute for a sound banking system and that our efforts should be directed toward establishing better management for banks rather than insuring banks against losses. The proponents of this argument usually give the Canadian banking system as an illustration.

The argument for better banks is well taken. We concur fully in what its proponents say, but we feel that better banking can best be achieved with the aid of just such systematic work as is done by the Federal Deposit Insurance Corporation.

In the United States there is a division of authority between the several States and the Federal Government, and consequently, unlike the Dominion of Canada, the character of our banking varies according to the location of the bank and the character of supervision given it. Through the work of the Corporation there can be a better coordination throughout the country to the end that a uniform high standard of banking may be maintained.

Again, our system of banking, while unlike the Canadian system up to the present time, through the medium of the Federal Deposit Insurance Corporation, now presents a striking analogy to that of our neighbors to the north. This has been accomplished without sacrificing unit banking which is so strongly favored in many States. The same fundamental safeguard now exists in both systems—that risks and losses shall not be localized in the individual banks, but shall be spread over the entire banking system. Upon this principle has been founded the vast insurance protection now given our people—insurance against the hazards of fires, earthquakes, floods, and other calamities, and even against death, the inevitable destiny of every one of us.

The Corporation has not only restored general confidence in banking institutions but it has seen to it that the confidence is built on a solid foundation by elevating banking practices to a high level of efficiency. The Federal Deposit Insurance Corporation has done much to rehabilitate the depleted capital structure of its member banks. Through cooperation with the Reconstruction Finance Corporation and the Comptroller of the Currency the banks have been placed in a healthy capital position.

The method is as follows: Analyses have been made comparing the ratio of the net sound capital in the subject banks to the total-deposit liabilities. If the ratio of such capital to deposit liability is 10 percent or better the bank is rated no. 1, since under such conditions there exists an ample cushion not only for the risk of the Corporation but for the interest of the depositors and stockholders as well. Where, on the other hand, the ratio falls below this figure, the banks are classified into three rating groups. It is these three groups of banks which are being concentrated on in the effort to repair their capital condition. They have been urged to obtain either local contribution to capital or to make application for R. F. C. money for capital purposes. It is to the best interest of all concerned that every effort be made to place the capital of banks in such a position that a healthy ratio exists between capital and deposits. It is to the credit of the Corporation that it uses its interests and its position to effect so important a remedy as it has done to the capital structure of the country's banks.

More than 16,000 commercial banks with deposits of nearly \$9,000,000,000 are known to have suspended operations during the 70-year period prior to 1934. The losses to depositors in these banks are conservatively estimated at \$3,000,000,000. The annual rate of losses incurred by depositors in that period was about one-third of 1 percent of the deposits of the entire commercial banking system. Of the \$3,000,000,000 of losses in commercial banks, one billion was the amount which depositors of national banks were obliged to assume, while \$2,000,000,000 was the amount assumed by depositors in State and private banks. In other words for every \$100

of deposits in the commercial-banking system, about 31 cents per year was lost. For \$100 of deposits in the national-banking system, 21 cents per year was lost, as against 39 cents per year for every \$100 in the State system.

The bill now under consideration contains some features that are a marked improvement over the insurance provisions of the Banking Act of 1933.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman from Indiana 8 additional minutes.

Mr. FARLEY. In order to minimize the risk of loss in the future and to encourage sound banking, features have been inserted in the pending bill which give to the Corporation the necessary power to improve its insurance risk.

Since time does not permit discussion of all of these features, I shall mention only one—the power of examination.

A report of a bank examination is an instrument by which the management of a bank may learn a great deal. It affords the opportunity for a periodic perspective of the operations of a bank which may not be apparent to those who are working with an individual bank's problems day in and day out. Much has been done by the Corporation already toward unification of the examination report for, partly, the sake of greater ease in analysis, but chiefly to avoid a multiplicity of unwelcome examinations. Much has been done through an improved examination form to afford a closer connection between the Corporation and the insured bank, which doubtless reacts favorably for both; but more might be done with the help of the proposed new legislation. With reports of examinations before it, the Corporation will be in a position to enforce the correction of conditions in banks before losses are sustained, and if those conditions are not corrected the banks would be required to proceed without insurance, but with ample notice to their depositors that insurance has been withdrawn. Under the terms of the bill protection will not be withdrawn as to the depositors until they have had an ample opportunity to know and to act as they choose upon such information.

The Federal Deposit Insurance Corporation should be supported in its request for authority to terminate the membership of any bank in the fund which persists in so conducting itself and its affairs as to be constantly increasing the probability of ultimate suspension with the consequent loss to depositors and this Corporation. The existence of deposit insurance places upon the Corporation and upon Congress a moral obligation for sound management of banks as well as a very definite responsibility to bank depositors. If insured banks engage in practices which are detrimental to the depositors, the Corporation must have the right to withdraw its endorsement of those banks.

The benefits of deposit insurance are not limited to the protection of individual depositors. The entire banking structure of the country is so intimately interwoven that disturbances in any part of it can cause repercussions of far-reaching proportions. The benefits which will accrue because of greater stability in the banking structure are real and tangible. For these reasons I believe that all banks, large and small, should be required to support the insurance system.

And yet the small depositor is he for whom deposit insurance is designed. The small depositor must be assured the absolute protection of his deposit. The hardships which the recent untoward economic conditions have developed have been felt most acutely by that large group of people whose right it is to have absolute protection for those hard-earned dollars which are placed to their credit for the so-called "rainy day." The insurance of such savings, which it is the right of every man to enjoy, is essentially a Government function. Just as the Constitution offers every man the protection of law and order, so should the Government insure in the best-known way the protection of the deposits of the masses.

BANKING ACT OF 1935—SECTION 210. REAL-ESTATE LOANS

Section 210 would amend section 24 of the Federal Reserve Act so that the conditions under which real-estate loans may be made by national banks will be prescribed henceforth by regulations of

the Federal Reserve Board, except that (1) the amount of any such loan hereafter made shall not exceed 60 percent of the appraised value of the real estate at the time the loan is made; and (2) the aggregate amount of such loans which any bank may make shall not exceed the capital and surplus of the bank or 60 percent of its time and savings deposits, whichever is the greater.

The purposes of this amendment are to increase the ability of commercial banks to serve their communities, to provide a greater outlet for the banks' funds, and to promote business recovery by opening up the mortgage market and reviving the construction industry.

Few banks are purely commercial, since a large part of the deposits in the banks represents savings. Member banks hold in the aggregate as much as \$10,000,000,000 of savings funds. Separation of commercial banking from savings banking in this country at the present time is an academic question, as it could not be accomplished now without disrupting the banking system. So long, moreover, as commercial banks continue to accept and hold a large amount of the people's savings they should use at least a part of these funds in long-time loans and investments.

In using savings funds for long-time investments, there are no outlets that would serve a more useful economic purpose at the present time than real-estate loans. The restoration of building activity to something like a normal level is absolutely essential to further business recovery, and to this end reestablishment of an active mortgage market would greatly contribute. At the present time the banks of the country have a vast amount of funds for which they can find no profitable outlet. Increased activity in real-estate loans would, therefore, be of importance to the banks in helping them to make reasonable earnings and would at the same time enable them to render the proper service to their communities, as well as to contribute to recovery.

Member banks have an enormous volume of excess reserves, and at the same time they are neglecting a broad field of real-estate loans in which there is an opportunity to place their funds. Commercial banks, which are surfeited with funds, are refraining from making real-estate loans in any considerable volume, while building-and-loan associations, which are anxious to make such loans, lack funds for the purpose and are endeavoring to obtain funds from the Government. The Government, on the other hand, is pouring money into the real-estate loan field through various agencies, such as the Home Owners' Loan Corporation, the Reconstruction Finance Corporation, and the lending agencies under the Farm Credit Administration. If commercial banks increased the volume of their loans on real estate, special Government agencies would not be under the same pressure to make these loans, the banks' ability to make a living would improve, and their usefulness to their communities would increase.

There is no logic in prescribing rigid limitations as to the proportion of a bank's funds that can be invested in real-estate loans when the proportion of their funds that can go into bonds and other kinds of long-time uses is not restricted.

The record of real-estate loans during the depression has not been worse than that of many other classes of loans and investments. Real-estate loans, however, have differed from other long-time investments, such as bonds, in that there was no organized market where they could be sold even at a reduced value. As compared with commercial loans, real-estate loans have also suffered from ineligibility as a basis of borrowing at a Federal Reserve bank. In consequence, real-estate loans which might have been good in substance, despite being temporarily uncollectible, have had to be considered entirely frozen because, until the emergency legislation of February 1932, temporary accommodation could not be obtained from the Reserve banks on these loans as security. The elimination by this bill of rigid eligibility requirements would remove from real-estate loans this serious disability.

This committee in all of its work has undertaken to build and not to destroy. When Mr. Roosevelt came into power and came to Washington he very promptly called large groups of business men, bankers, merchants, manufacturers, representatives of farm groups, and labor groups to Washington for a conference and consultation. They assured him just a little over 2 years ago that they would go along with his program and undertake to put this country back into a prosperous condition. The situation that has arisen in the last few days, the recent past, reminds me very much of an experience in my life when I was in a great storm at sea. I remember one night when practically every passenger was on his knees in the cabins or in the aisles of the ship, but in 24 hours the storm had passed. Then they were out on deck laughing and cheering and apparently forgetting the thing they had prayed for. When I look at the situation today and hear some of the criticisms and objections of the future, I cannot but think that they represent about that situation. Having gone almost down to ruin, in the slough of economic despondency, they pledged their support, but now when we are well on the way out of the depression they come into the city with condemnation, yet without a constructive program.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein the report of the committee dealing with section 210.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. STEAGALL. I yield 15 minutes to the gentleman from Massachusetts [Mr. RUSSELL].

Mr. RUSSELL. Mr. Chairman, we have been through long and laborious weeks of hearing witnesses before the Committee on Banking and Currency on the questions involved in this bill. We have heard it said of titles I and III of the bill that they are satisfactory to all, that there is no difference of opinion with reference to them. Titles I and III seem to be acceptable to everybody, not only the Members of the House of Representatives but the public at large. We have heard it said also that with respect to title II the situation is different, that it is controversial, that everything in it is controversial, that there is no unanimity of opinion with regard to it. This attitude, this frame of mind, has interested me as a new Member of this House and of this committee, and I have tried to analyze it. I now challenge the truth of the statement.

As I read title II of the bill its purposes are very simple and very clear: To profit by the lessons we learned in the terrible collapse of the banking structure of the country. The object of the title is to give certain controls over the instrumentalities of credit, to prevent injurious expansion and contraction of the country's credit so that it may be available at all times to the people of this Nation. With this proposition everyone is agreed. Furthermore, everyone is agreed that the only way we can exercise this function of preventing injurious expansion and contraction of credit is by centralizing control over certain instrumentalities. The bill accomplishes just that; it gives to a central body the right to control the rediscount rates, the right to control the reserves of member banks, and the right to conduct what is called "open-market operations" in Government securities. Analyze it further and you will discover that if there is one point of difference it goes only to the extent of the determination of what body shall exercise these controls.

I have before me the report of a committee of the American Bankers' Association. It may surprise you to know that, with the one exception I have mentioned, practically every recommendation contained in that report now is incorporated in the bill. This pretty nearly eliminates the last objection there is to title II of the bill.

Let us for a moment analyze this one remaining difference of opinion as to what body shall exercise these important controls. It comes down to this: As the bill is submitted to you, the Federal Reserve Board is given the power to exercise those functions, to control those levers, which can be operated to expand or contract the country's credit. It calls also, however, for an advisory committee to consist of five representatives of the Federal Reserve banks, chosen by the banks. The recommendation of the committee of the American Bankers' Association is that you substitute for the Federal Reserve Board of eight members, as now constituted, as the agency to exercise these powers a Federal Reserve Board reduced to five members, to which are added four governors of the Federal Reserve banks. I shall make a brief statement in reference to this and then leave it to the Members of this House to determine whether or not there is any real difference.

It has been stated that the bill gives political control over the banks for the reason that the governor of each Federal Reserve bank is to be appointed by the directors of the bank subject to the approval of the Federal Reserve Board; and to support this view the argument has been advanced that this power to approve the appointments of governors gives the Federal Reserve Board control over each bank. If this be true, if this be a fair statement, then I ask you, what is the difference between giving the powers to the Federal Reserve Board in the first instance, as is done by the bill, and giving the powers to the Federal Reserve Board through their control over the selection of the governors of the Fed-

eral Reserve banks as has been argued will happen by this process?

Mr. Chairman, it seems hardly necessary to have spent the time that has been spent in this House arguing and debating a proposition about which everybody is in substantial accord. I doubt if even on the other side of the House there are going to be enough votes against this measure or any part of it really to amount to anything; and I trust that the benefits everybody concedes will be brought about through the operation of this bill if enacted into law will not be lost to the American people because some amendments fail of incorporation in the measure before its passage by this House. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. STEAGALL. Mr. Chairman, I yield 13 minutes to the gentleman from Georgia [Mr. CASTELLOW].

Mr. CASTELLOW. Mr. Chairman, our old laws—and law, as I understand, is in reality nothing more or less than established rules for the direction and restraint of human activity—having in their operation proven unsatisfactory, and in many instances disastrous, we, in this and the preceding Congress, have felt constrained to revamp, so to speak, almost our entire system of government. The rather universal trend of our legislation during these two sessions has been to consolidate and vest in our Federal Government, which in a broad sense is a central authority, a supervisory, if not a distinct and absolute control over the activities of the individual.

Regretfully I realize that as civilization advances and population increases less freedom of action and exercise of individuality can be permitted to the citizen. As the cattle formerly roamed with freedom the broad western plains in proud possession of their long horns without doing violence to their fellows, when crowded into narrow spaces proved the necessity of relinquishing one of their erstwhile most cherished natural possessions, even to the extent of being dehorned. So with mankind, no advantage comes to us unalloyed. As our numbers multiply the freedom of individual activity is restricted. Not only is this principle being applied to the individual but it has been extended to the functions of our various governmental units.

Beyond question in the bill now under consideration we find no reversal of this tendency. By it more power over the very heart of all business and commercial activity is vested in a central authority, which in turn comes more directly under the influence of the executive branch of our Government. This will enure to the benefit of the masses so long as the head of that department is both honest and wise and remains fortunate in the selection of those who, under him, must exercise the broadest discretion, coupled with the power to raise or lower, accelerate or retard, the business of this great Nation. Whoever or whatever controls the credit of the country necessarily performs this function. Too long has it been permitted to remain in the not unselfish hands of the captains of private finance. By them have our people been made to suffer, and hence our justified wish to find a more impartial instrumentality of control.

The greatest weakness of the plan adopted by the original Federal Reserve Act was found in the reflected weakness of human nature from which there seems to be no escape, and a disregard of which only invites disaster. Few laws, I apprehend, were ever enacted which theoretically were unsound and yet we are confronted with the embarrassing knowledge that many have proven to be unworkable. In purpose and beneficent theory was there ever a law which scored higher than the National Prohibition Act? If it has failed, as so many of our people seem to feel, that failure is attributable only to the frailties and selfishness of human nature. So it is, as stated before, with practically every law which has failed in usefulness.

That great and noble President, our beloved Woodrow Wilson, inspired by an almost superhuman love and loyalty to mankind believed it possible to successfully conduct a war to end wars. We need no reminder as to the results.

Under the leadership of that same great mind we brought into being the Federal Reserve, supposed to regulate and

control the beat of the heart of our financial structure, the credits of the country. When we view the financial wrecks, and remember the days which seemed as years to some, during the latter part of 1920 and for some time following, we may conclude that it functioned too perfectly. It may be remembered that for some years an unprecedented prosperity had been enjoyed throughout the country, cotton having sold in our local warehouses for more than 40 cents a pound, and other farm products bringing proportionate prices, everything moving as though by magic, and almost universal happiness prevailing throughout the land until that eventful day in 1920, soon after President Harding assumed office, the Federal Reserve Board announced that it would be the policy of Federal Reserve banks to make no further loans to finance the holding of agricultural products. That announcement was immediately followed by one of the most drastic breaks in commodity prices that ever saddened the hearts and reduced to penury such a substantial portion of the Nation's most worthy citizens. Within a few months cotton broke from around 40 cents per pound to something like 10 cents. To the disastrous effect of this pronouncement of policy on the part of the Federal Reserve Board, no commodity was immune, and the farmers of America were dealt a blow from which they have never recovered. The conditions resulting are well depicted in a letter I have recently received from my good friend, and one of the most capable and conscientious officials my native State has ever had the good fortune to boast, Mr. R. E. Gormley, State superintendent of banks for Georgia. Referring to the action of the Federal Reserve Board, heretofore mentioned, his observations were, in part, as follows:

In reading over the report of the House Banking and Currency Committee, I noted the supplemental views of Mr. Brown of Michigan on pages 26, 27, 28, and 29 in which he makes a rather severe criticism of nonmember banks and presents figures attempting to substantiate his contention that the operation of national and Federal Reserve member banks has been superior to that of nonmember banks. You will note on page 29 that Mr. Brown of Michigan refers to the fact that in 1921 there were 8,150 national banks with deposits of \$12,991,000,000; 1,595 Federal Reserve member State banks with deposits of \$7,646,000,000. That there were 20,181 nonmember banks with deposits of \$9,529,000,000. Following that he states within the 12-year period following 1921, the total deposits contained in national banks closing amounted to \$1,187,000,000 and that in State member banks \$680,000,000 and in nonmember banks closing during this period \$3,017,000,000. Mr. Brown's figures are rather misleading in that he does not include in the total deposits of nonmember banks the deposits of approximately 2,000 mutual savings banks which aggregate approximately \$6,000,000,000. From a statement which was prepared by the F. D. I. C. at my request dealing with bank suspensions in the period between 1921 and 1935, I obtained the following figures: The total deposits of all national banks in 1921 aggregated \$15,136,000,000. In all State banks the total was \$23,316,000,000. At the end of 1929 the total deposits of all national banks had increased to \$21,586,000,000. The total deposits of all State banks had increased to \$36,081,000,000. During this period between 1921 and 1929, it is true the ratio of deposits in national banks closing during that period was only 2.4 percent of the total, while in State banks the ratio of deposits in closed banks was 5.4 percent of the total, a ratio decidedly favorable to the national banks. I make the following analysis of the conditions responsible for this difference.

If you remember, in 1920, immediately after the change in administration, when President Harding went into office, the Federal Reserve Board announced that it would not be the policy of the Federal Reserve banks to make further loans for the purpose of financing the holding of agricultural commodities. As a result of that announcement, the bottom fell out of the price of all farm products. You will remember that cotton dropped from around 38 cents to about 20 cents. Other farm products declined similarly. As a result of that pronouncement of the Federal Reserve Board, a severe blow was dealt to agriculture from which the farmer has never recovered. Since that time the farmer has been in the position of having to sell his products in a market absolutely unprotected by credit of the Federal Reserve banks, while at the same time his supplies purchased were bought in a market which had the protection of the credit resources of the Federal Reserve banks. As a result of the drastic decline in values and the unfair odds which the farmer has had to operate under for the years succeeding 1921, it was only natural that financial conditions should have become more acute or aggravated in the rural sections. The rural sections were served largely by smaller State banks, and it was only natural that the mortality of banks in such rural sections should have been higher than among the larger banks located in industrial centers.

We will now take up the period from 1929 to 1935. In that period this statement prepared by the F. D. I. C. shows that the total deposits of national banks closing during this latter period

aggregated \$2,646,000,000. The total deposits of State banks closing during a similar period aggregated \$3,937,000,000. The ratio of deposits of national banks closing during this latter period compared to their total deposits at the beginning of 1930 is 11.4 percent. The ratio of deposits contained in State banks closing during this latter period is only 10.8 percent of the total amount of deposits at the beginning of 1930. From this latter you will see that the losses in national banks during the latter portion of this period exceeded the percentage of loss in State banks. In other words, when the Federal Reserve Board in 1929 announced it would not be the policy of the Federal Reserve banks to furnish further funds for the purpose of financing speculative transactions on the New York Stock Exchange, the effect on listed securities was the same as the effect of their pronouncement of 1921 of agricultural commodities, and as a result of their latter decree in 1929 values depreciated, not only in the country sections but also in the industrial sections, and as a result it was not only the smaller banks in the agricultural sections which suffered but the larger banks in the financial centers showed a higher percentage of loss than did the State banks.

From the foregoing it would appear that the difficulties with which we have been beset and of which we now complain were precipitated not as a result of a lack of power but as a result of a lack of wisdom and foresight in its application and control. In other words, we might be impressed that the wreck was not the result so much of any inherent defect in the engine but rather due to the lack of foresight, not to mention the possibility of undue influences, upon the part of the train's crew.

While the Federal Reserve Act was yet young, I not only realized the possibilities but predicted the results of which complaint is now being made. Motivated, I hope, by no spirit of pessimism, but endeavoring to proceed in the light of truth, I now inject this word of warning against too much optimism over the result of this or any other legislation. For we are warranted in expecting only that degree of success which we, by our aggregate virtues, merit. As the citizen surrenders more of his individual rights, the more jealously should he regard the exercise of his franchise in the selection of those who shall hereafter exercise the rights and powers so surrendered. It has been my observation that we have suffered not so much by reason of the laws themselves but the manner and spirit exercised in their administration. So, the realization of our hopes and the fruition of our dreams may be permanently established through the improvement of our natures rather than the changing of our laws, for only through the instrumentality of men can laws become effective. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, the Federal Reserve Act was passed in December 1913. It followed the campaign of 1912 when a Democratic President was elected on a platform which declared against a central bank.

I ask unanimous consent, Mr. Chairman, to insert at this point that plank of the Democratic platform of 1912 relating to banking.

The CHAIRMAN. Without objection, the gentleman has that permission.

There was no objection.

The matter referred to follows:

BANKING LEGISLATION

We oppose the so-called "Aldrich bill" or the establishment of a central bank; and we believe the people of the country will be largely freed from panics and consequent unemployment and business depression by such a systematic revision of our banking laws as will render temporary relief in localities where such relief is needed, with protection from control or dominion by what is known as the "money trust."

Banks exist for the accommodation of the public, and not for the control of business. All legislation on the subject of banking and currency should have for its purpose the securing of these accommodations on terms of absolute security to the public and of complete protection from the misuse of the power that wealth gives to those who possess it.

We condemn the present methods of depositing Government funds in a few favored banks, largely situated in or controlled by Wall Street, in return for political favors, and we pledge our party to provide by law for their deposit by competitive bidding in the banking institutions of the country, national and State, without discrimination as to locality, upon approved securities and subject to call by the Government.

Mr. KENNEY. When after the election the Congress began working on the new banking system two systems rose before them: On the one side the central bank and on the

other side the Federal Reserve Association or System. But the central bank was put out of all consideration because of the plank in the platform declaring against it. Why this plank was made part of the platform is speculative. But, in my opinion, regardless of the declaration of policy with respect to banking in the campaign, it was a great mistake that the Congress did not consider the history and all the facts and circumstances surrounding a central banking system, even though it was committed against it. At least the facts should have been developed to show its merits or demerits. The Federal Reserve System was alone given adequate consideration and was adopted so that it could truly be said, as the plank in the Democratic platform expressed it, "Banks exist for the accommodation of the public and not for the control of business."

The central bank, in my view, Mr. Chairman, operates by natural law, whereas the Federal Reserve System has unnatural features and will continue to have under this bill, with the Government in intended control of the governors of the banking system. In choosing between a central banking system as we find it in England and the Federal Reserve System as it is and as it will be after this—the Banking Act of 1935—is passed, one elects to reject old-fashioned banking for new-fashioned banking.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. KENNEY. I yield.

Mr. HOLLISTER. Mr. Chairman, is the gentleman going to explain what he means by central or old-fashioned banking?

Mr. KENNEY. I shall try to in the limited time I have.

Mr. HOLLISTER. I will yield the gentleman additional time if he desires it.

Mr. KENNEY. During the days we have just gone through I have been a new-fashioned banker, but as a lawyer I advised all of my clients to be old-fashioned bankers, and no matter what losses I have sustained, those clients who followed my advice have suffered no losses in their investments. Had the banker, one who deals with other people's money, permitted his people's money to go into recognized good banking channels only, I and so many others would not have sustained our losses. They were sustained under the new-fashioned banking. Under old-fashioned banking we would have been safe.

When the Federal Reserve System came into being in 1913, it was felt that Congress had done a service to the country and perhaps it did, but it did not accomplish all that was intended. Otherwise, this legislation would probably not now be before this House. Under the Reserve System approximately 1,000 banks in this country have failed. And so it is we are today met to try to remedy a system which did not prevent the downfall of so many of our banking institutions. Now, what do we propose to do? This bill puts the Government in the banking system. The Government would control a system which went out of control. Whether that is a good thing or not right now is an open question, but personally I feel it is only another artificial device attached to an artificial system and in the final analysis there will exist interference with the natural law of banking.

Mr. Chairman, when the original Federal Reserve Act was passed, consideration should have been given to two very vital questions. One was considered, very much so, and it was whether a member of the Federal Reserve Board should act as such and at the same time be a commercial banker; that is, affiliated with a concern doing a banking business. There was much controversy over that matter, and finally the President of the United States took the decisive stand that a member of the Board must have severed his relations with his bank or banks and in adopting that policy upheld the principles of old-fashioned banking as practiced by the "old lady of Threadneedle Street", the Bank of England.

When the matter came before the President, he asked the question, Would you expect the railroads of this country to control the Interstate Commerce Commission? As Senator GLASS says in his book, there could be but one

answer and the question remained unanswered, so that members of the Board were, opposition disappearing, required to give up their relations with their banks.

The other question, as I view it, should have had equal or even greater consideration. As a matter of fact it seems to have had little or no consideration by the committees or by Congress. That was the question of bank balances. Bank balances under the Federal Reserve Act were allowed to go into the hands of the Federal Reserve banks. Now, the Federal Reserve Board was intended to control the credit of the country. How could the Board under the act actually control the credit of the country? Only by having the Federal Reserve banks submit to their control. The Federal Reserve banks had the bank balances. In order to control credit, the Reserve banks would have to respond to the action of the Board. The Board had to get what it wanted from the Reserve banks and their member banks and resistance might be expected in some cases where the banks knew that in responding to the controlling power they would lose a profit.

Mr. Chairman, what do bank balances indicate? They indicate the trade conditions of the country. The knowledge of trade conditions is essential in the control of credit. Knowing the trade conditions the Reserve Board can undertake to bring about the purchase or sale of gold or other medium of exchange or the purchase or sale of Government bonds, but this gold or other medium or Government obligations are lodged with the Federal Reserve banks and the member banks. They have to be bought or sold by the Federal Reserve banks and the member banks.

Now, the Federal Reserve banks have an equal knowledge with the Federal Reserve Board of bank balances and trade conditions. The Federal Reserve banks have intimate relations with the member banks. The member banks carry a deposit with them and they are in daily contact with each other. These member banks want to know the "news." They ask for and very often are given confidential information. If it is known that the Government is going to buy gold or wants to have gold bought, if gold is the medium of exchange, there is a natural tendency on the part of these member banks and some of the Federal Reserve banks to hold out on the Government. In such event it is more difficult to control the credit situation. In days of danger one of the Reserve banks held out against a high discount rate, as it was stated during the debate, and thus prevented the exercise of control. With bank balances centralized and the resultant knowledge of the conditions also centralized, the natural law could function without interference or resistance.

In England the Bank of England holds the balances of the banks. It also keeps the government balance on hand. No interest is paid to the government or any bank adding to its strength. The stockholders of that bank are the merchants of the country, not commercial bankers.

The directing officials are bankers, but they serve no banking interest, in theory at least. This bank does not go in for the excessive profits reaped by the banks of this country in invading almost every field. It sticks to old-fashioned banking. There is no gigantic cream for the directing officials or even for their merchant stockholders. Salaries and dividends are limited. But the old-fashioned banking has resulted in a tremendous surplus which makes it stand out as a greater bulwark than the rock of Gibraltar. The central banking system of England, with centralized bank balances allowing of a proper control of credit, has, I believe, shown its superiority. As evidence of this there has not been a single bank failure in England during the world-wide depression.

Mr. Chairman, until bank balances are centralized or similarly situated in this country, in my opinion, we will not be able fully to control credit, whether the Government enters the situation or not, and I do not see how the Government can improve conditions. There is too much danger of undue pressure from the Government and a compromise or artificial control supplanting the natural law of banking. Old-fashioned banking, which operates under nature's law, requires that the banks of the country give the

right of way to the trade of the country, commerce, industry, and agriculture. The Bank of England does this very thing. In England the bill of exchange stands out as the very best and most desired security. There is an open market for this paper. Consequently, there is competition between the merchant and the banker. We discarded it over here.

We went in for discounts because of the greater profits for the banks; at least, the banks thought there was. A merchant can dispose of his bill of exchange at a rate of something like 3 to 3½ percent. Here, with the bill of exchange out of style under the new-fashioned banking, the banks reap a profit in normal times of almost twice as much by discount. But it has occurred to me sometimes that the banks would be better off with less profit on its discounts and other practices for then the established banks would not have so much competition from new banks that have sprung up like mushrooms over night, cutting in on their business and catering to new-fashioned business which has accounted for the departure of some old banks from its old-fashioned, sound banking principles. It is to the credit of Congress that it has provided for the divorcement of security affiliates from our banks. That is going back to what I mean by old-fashioned banking.

The bill of exchange is prime paper in England. It comes first because it serves the trade of the country. The bill of exchange and government bonds stand up. But the natural law should always prevail and the Government should not encroach upon the facilities intended for business. I wonder whether a great many realize the significance of a bill of exchange. I have not known so long. It was originally intended for the use of merchants. Only merchants could issue a bill of exchange and the reason was that the merchant created new wealth. By means of it trade could often be carried on through credit extended by the merchant seller without the use of any bank.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KENNEY. Mr. Chairman, I might say that this practice obtained in Texas for a great many years and my information is that the constitution of Texas for a long period forbade a bank in that State.

Mr. Chairman, in England the bankers realize that they are bankers—men who handle other people's money. They remain bankers while here many of our bankers develop into capitalists—men who are supposed to handle and use their own money. I have asked the question during debate on the bill why the bill of exchange was discarded in this country. No one seems to dwell upon an answer. But England looks to her trade and the public interest above all and she still retains the bill of exchange.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a quotation from the System of National Finance, by E. Hilton Young and N. E. Young, a British work.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The quotation referred to is as follows:

A bill of the sort (bill of exchange), with good names upon it and maturing in a reasonably short time such as 3 months, is the safest security in the world and the most convenient, and for that reason it is the cheapest way in the world of raising money.

Mr. KENNEY. It is very interesting that the merchants of England had their exclusive privilege of issuing bills of exchange challenged at an early date. This right and privilege was invaded, but the merchants met the challenge. In an action brought by a merchant stranger, that is, a person not a merchant, the law merchant under which the issuance of the bill of exchange was reserved to merchants was incorporated into the common law in the Court of King's Bench in the year 1613, and I would like, Mr. Chairman, to insert in the RECORD at this point the decision in that case, *Oaste v. Taylor* (3 Croke's Jacobus, 306).

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The decision referred to is as follows:

In the Court of Kings Bench, 1613. *Oaste v. Taylor* (3 Croke's Jacobus, 306). Assumpsit, by David Oaste, a merchant stranger, against William Taylor, a merchant; for that whereas by the custom of London between merchants trafficking from London into the parts beyond the seas, if any merchant commorant in London, and trafficking beyond seas, direct his bill of exchange bona fide, and without covin, to another merchant commorant beyond the seas, and upon such a merchant's accepting a bill, and subscribing it according to the use of merchants, it hath the force of a promise, to compel him to pay it at the day appointed by the bill; and al-legeth in fact, that William Kenton, being a merchant trafficking betwixt London, and Middleburgh beyond the seas, and commorant in London, directed his bill of exchange to the defendant commorant in Middleburgh, and trafficking between London and Middleburgh, requiring him to pay 345 pounds Flemish, at the usance of 4 months, to the plaintiff, being a merchant; and that the defendant accepted thereof, secundum sum mercatorem, and subscribed it, and had not paid it. Whereupon—After verdict, upon non assumpsit pleaded, and found for the plaintiff, it was moved in arrest of judgment, because the defendant is not averred to be a merchant at the time the bill accepted. * * *

The acceptance of a bill of exchange by the law merchant to a promise to pay it; but it must be stated that the drawer was a merchant at the time he accepted it. * * * Marginal note.

Mr. KENNEY. Evidently there was an astute lawyer for the defense, because he let it proceed to judgment. The plaintiff in the case did not plead that the defendant was a merchant at the time he accepted the bill, and the court held that a material allegation had not been pleaded as required by the common law and granted a motion in arrest of judgment. The effect of the decision was that a merchant stranger could not issue or create a bill of exchange which right was given only to merchants—the producers of wealth.

Now, the Bank of England serves well its country's business, industry, and commerce. It does so through the bill of exchange, and exchequer bonds have added strength to its portfolios. But the right of the merchant has been invaded not only here but in England. The British Government accepted the advice of one of its economists who upheld the instrument of the bill of exchange, so much so that he said to the Government, "Why do you not compete with the merchants and issue treasury bills on the same basis that the merchants issue them?" The Government acceded, contrary to the principles of good, old-fashioned banking, I believe, and began to issue treasury bills or Government bills of exchange for the banks to deal in at the expense of the merchants, for the greater the drain upon the bank by the Government the less there was for the accommodation of the merchant.

Our merchants and our business have suffered here, but more so, by diverting our banks' resources from trade to other channels. Back in 1927 and 1928 the banks seemed to prefer to lend for speculative purposes rather than to business and trade.

Our banks loaned inordinate amounts on securities under the new-fashioned banking. Of course, this had to be to some extent at least, at the expense of business. The merchant, like others, began to look for profits from stock-market operations and borrowed from the banks for this purpose, curtailing the supply of credit for his business. Many merchants began to lose interest in their businesses. Business activity was subsiding and unemployment was reaching serious proportions if not curbed. In 1928 there were 4,000,000 unemployed. Business men, many of them, allowed a decline in their particular fields without much resistance and went into the stock market and borrowed from the banks for their operations, diverting money from business to speculation, which finally brought about the collapse.

Oh, the banks overstepped the line and lent on so many things and in so many ways that the survivors of them find themselves, like the Government, in a variety of businesses; and I think some of the bankers will agree after the great headaches they have had and after the experiences they have gone through, that if they had limited their

loans to industry, commerce, and agriculture and sound Government securities and had engaged in fewer speculative loans, they and their banks would be in a much healthier condition.

Is it going to improve the situation to bring in the Government to partake of the control? At most, it seems an artificial, an arbitrary device. It is true that the new control can put a clamp on speculation, perhaps. It can say to the stock brokers that they will have to pay 10 percent call and that sort of thing and, of course, the control may be exercising good judgment or it may not; but in any case such a control does not seem to me to be natural. With the banking system away from the Government and out of the hands of capitalists and under the management of bankers in the true sense of the word, the natural law will prevail.

So I hope that the consideration of our banking problem will not be dismissed upon the passage of this bill.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 more minutes.

Mr. KENNEY. Mr. Chairman, I believe the problem requires greater study on the part of this Congress, and not only on the part of the Congress but on the part of commerce, industry, and agriculture. I do not know in detail what went on in the committee room, but I have thumbed the pages of the hearings and from the personnel that appeared I would conclude that there were no special representatives of business who appeared before the committee, and it is not apparent whether business men have ever studied the banking problem sufficiently or have had it done for them by somebody else. To me it is a subject that the business of this country ought to go into and sift thoroughly. Of course, we had representatives of the Government at the hearings and, naturally, we had the bankers there; and, mind you, I am not blaming the bankers. There is, however, a question in my mind as to whether we should not build up a different system, a central banking system, a system that would aid business and at the same time prove of stable benefit. Under our system as it has heretofore existed the country has suffered and many a banker in my State was sick abed, and not only that, I know some of them who actually gave up their lives because of the great collapse. So I hope this study will go on to work out a situation where we can finally apply the rules of natural law in our banking system.

It should not be necessary for the Government to come in and control the situation. We ought to have worked out a system apart from any such influence that will by its very nature serve our people but not control our business.

Mr. WOLCOTT. Will the gentleman yield?

Mr. KENNEY. I yield.

Mr. WOLCOTT. Does the gentleman think a central bank should be used for the purpose of raising money to pay the Government debts?

Mr. KENNEY. No, sir; I do not.

It is the function of the Government to lend its guarantee under certain conditions in time of stress, but the Government should not encroach upon business either directly or indirectly through the banks, and I am still hopeful that the day will come when we adopt a banking system that will function naturally without artificial interference, and if we do, it is my view that we shall only go back to old-fashioned banking. [Applause.]

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to; accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, and had come to no resolution thereon.

ATTORNEY FEES AND EXPENSES IN FIRST NATIONAL BANK OF DETROIT, MICH.

Mr. BROWN of Michigan. Mr. Speaker, on Wednesday I asked unanimous consent to extend my remarks in the RECORD and include therein a letter from the Comptroller of the Currency to me relating to bank receivers and letters from attorneys in Detroit. It was found that that was too long under the rule, and I, therefore, ask unanimous consent to extend my remarks and only include the letter from the Comptroller.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BROWN of Michigan. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter which I recently received from the Comptroller of the Currency, Hon. J. F. T. O'Connor:

TREASURY DEPARTMENT,
Washington, April 17, 1935.

HON. PRENTISS M. BROWN,

Member of Congress, Washington, D. C.

MY DEAR MR. BROWN: I know that you were glad to learn from my letter of April 12 that the liquidation of the Guardian National Bank of Commerce of Detroit has been conducted at a profit to the depositors, in that the income from the bank's assets while in the hands of the conservator and the receiver has exceeded all liquidation expense by approximately one and a half million dollars. In submitting the following information concerning the liquidation of the First National Bank of Detroit, I am pleased to advise you that this receivership also is operating at a profit to the depositors and that the income received during the liquidation has exceeded the expense of liquidation by approximately \$6,000,000.

The liabilities of the First National Bank of Detroit to its depositors and other creditors exceeded \$415,000,000 at suspension. The receiver has collected as of December 31, 1934, from interest, premiums, and rents \$9,973,109.79, a net profit from operations of approximately \$6,000,000. The total amount collected from all sources as of that date was \$199,855,879.61, and the total expense of liquidation, including the expense of the conservator, was \$3,975,319.06. All amounts received from the Reconstruction Finance Corporation are eliminated from this computation. It thus appears that the total expense of liquidation as of December 31, 1934, was less than 1 percent of the deposit liability and less than 2 percent of the total cash collected.

The report of examination of this bank as of December 30, 1932, just prior to suspension, reflects a total annual pay roll of \$4,211,439.76 covering 2,108 officers and employees. Included in this sum was \$262,000 representing the total annual salaries of the president, cashier, and 18 vice presidents. As of April 15, 1935, the receiver had 654 employees, a reduction of 68.98 percent, with a total annual pay roll, including the salary of the receiver, of \$1,094,070, a reduction of 74.02 percent. This does not include 62 real-estate caretakers and janitors temporarily employed on part time. I do not suggest that the receivership expenses can be compared with those of a going bank, but these figures do indicate the savings effected for depositors and other creditors.

Judge Robert S. Marx represents the Comptroller's Office in the liquidation of the First National Bank, and has as associates Hugh L. Nichols, Esq., Albert H. Morrill, Esq., and G. A. Ginter, Esq. Judge Marx employs, in connection with the legal work of this trust, Attorneys Zanone, Manley, Hugh C. Nichols, Schmidt, Runge, Kasfir, Kelley, Levi, Hogan, Harold Nichols, and Bachman, who also perform services for Judge Frank E. Wood, the attorney for the receiver of the Guardian National Bank of Commerce. All payments to these attorneys are met from the fees paid Judges Marx and Wood.

Judge Marx has not yet presented an itemized fee bill covering his services to this receivership. The services rendered are being performed under the fee agreement required of all attorneys representing receivers of insolvent national banks providing the fees for services shall be reasonable and subject to the approval of the Comptroller of the Currency, whose decision shall be final. Itemized fee bills are required describing in detail the services rendered, the time and amount involved, and the results obtained for the depositors and other creditors. When a bill is submitted it will be carefully reviewed under standards for the allowance of attorney fees built up in this office over a period of years and uniformly applied to all bills for legal services rendered the more than 1,500 national bank receivers now functioning throughout the United States.

The only payment that has been made to Judge Marx incident to the liquidation of this bank was an advance of \$75,000 on account paid October 9, 1934. This advance was based upon the services rendered incident to the following items:

ITEM 1. SALE OF ASSETS TO NEW NATIONAL BANK OF DETROIT

Sale of assets valued at \$104,588,000 to the National Bank of Detroit permitting the prompt payment of a dividend of approximately \$135,000,000 to more than 700,000 depositors. The legal services included the formulation of the contract between the two

banks; legal details in connection with a loan of \$35,609,000 made by the Reconstruction Finance Corporation, and presentation to the United States District Court at a public hearing for its approval.

ITEM 2. DIVIDEND DISTRIBUTION

Services rendered in this connection included the disposition of thousands of claims for set-off, alleged preferences and assignments involving a total amount in excess of \$100,000,000.

ITEM 3. RECOVERY OF UNLAWFUL PREFERENCES

Prior to the appointment of a conservator transactions occurred between the First National Bank and a number of Michigan banks that were believed to have resulted in illegal preferences to the other banks, a violation of section 5242, United States Revised Statutes. Through the efforts of Judge Marx recoveries were made for the depositors and other creditors of the First National Bank, or it was protected against losses as follows:

First National Bank of Pontiac, Mich.....	\$601,283.29
Peoples Wayne County Bank of Highland Park.....	504,423.25
Peoples Wayne County Bank of Dearborn.....	418,561.57
Peoples Wayne County Bank of Wyandotte.....	45,531.18
Peoples Wayne County Bank of Ecorse.....	70,165.30
Peoples Wayne County Bank of Hamtramck.....	252,964.64
Romulus State Bank, Romulus, Mich.....	25,000.00
E. Hill & Sons State Bank, Colan, Mich.....	45,105.03

Total..... 1,963,034.26

ITEM 4. RECOVERY OF APPROXIMATELY \$500,000 FROM FIDELITY & DEPOSIT CO. AND LLOYDS INSURANCE AGENCY

Prior to the bank's suspension suit had been filed against these surety companies to recover large losses alleged to have been suffered by the American State Bank, subsequently taken over by the Peoples Wayne County Bank, later merged with the First National Bank. After having preliminary motions dismissed Judge Marx brought the case to issue, prepared the evidence to support 75 complicated cases of embezzlement, and after trial effected a settlement which resulted in a payment of \$250,000 in cash to the bank receiver, a release of the salvage recovered from the embezzlers aggregating approximately \$300,000, and a payment in excess of \$45,000 by the receiver of Lloyds Insurance Agency plus an assignment of its claims against the reinsurers.

ITEM 5. RECOVERY OF CLAIMS AGAINST STANDARD ACCIDENT INSURANCE CO.

As a result of several months' work Judge Marx secured the payment of approximately \$64,000 on account of a large number of claims against this bonding company and obtained collateral security in the amount of \$590,000 par value and \$400,000 market value, covering other claims asserted by the bank against this company.

ITEM 6. MORTGAGE FORECLOSURES

The First National Bank of Detroit held 57,000 separate mortgages at suspension aggregating more than \$150,000,000 in value. Judge Marx's services were required incident thereto in connection with their assignment or pledge to the Reconstruction Finance Corporation, sale to the new bank, foreclosure in advertisement and by chancery proceeding, exchange for Home Owners' Loan Corporation bonds, and set-off problems.

ITEM 7. RECEIVERSHIP OF DETROIT BANKERS CO.

This company held all of the stock of the First National Bank and many of the matters involving the bank were intertwined with the holding company. Included were the safe-deposit vaults of the bank and its numerous branches; the investment affiliate of the bank; the tax returns of the bank; the nominee corporation for the bank; and a number of other subsidiaries and affiliates. The holding company was indebted to the bank in the amount of approximately \$4,000,000 and it was necessary that bankruptcy proceedings be instituted, one phase of which is now pending in the United States Circuit Court of Appeals.

ITEM 8. REAL-ESTATE LEASES

The breach by the conservator of a number of lease agreements to pay large rentals for many years in the future resulted in large contingent claims for damages. The total amount due under the leases aggregated \$14,162,719.88 and the taxes totaled \$4,330,011.48. As of October 9, 1934, the receivership, through Judge Marx's efforts was released from contingent liabilities aggregating several million dollars through settlements for nominal sums approved by the Comptroller.

ITEM 9. FIRST NATIONAL BANK BUILDING

Through negotiations with the Northwestern Mutual Life Insurance Co., the holder of the mortgage on this building, Judge Marx obtained a reduction in interest on the mortgage from 5 percent to 4 percent for the life of the mortgage, resulting in an annual saving of approximately \$40,000. A moratorium on any further principal payments for the next 3 years was also obtained. The board of tax assessors was induced by Judge Marx to reduce the assessed valuation by approximately \$1,000,000. Thereafter a lease was negotiated and a supplemental tax arrangement formulated which has resulted in an additional saving to the receivership of at least \$20,000 per annum.

ITEM 10. LAWSUITS

Prior to October 9, 1934, many lawsuits of almost every kind and description, involving many thousands of dollars, were filed involving this bank requiring the continuous presence in court of one or more of Judge Marx's associates. Outside judges were spe-

cially assigned for the purpose of hearing bank cases. For example, more than 50 bank cases were tried before Hon. Walter Lindley, of Chicago, sitting specially in Detroit. Practically all of these cases were won by the receivership.

ITEM 11. SAVINGS DEPOSITORS' LIEN CASES—AMOUNT INVOLVED—ALLEGED LIEN FOR \$252,000,000

Certain savings depositors of the People's Wayne County Bank, merged with the First National Bank December 31, 1931, filed an action asserting that under Michigan law they had a lien on assets purchased by the State bank with their funds, and that the lien attaches to those assets now in the hands of the national-bank receiver. The matter was referred to a special master and later tried before the United States District Court, resulting in a judgment in favor of the receiver. Judge Marx was successful in securing a waiver of appeal, thus permitting further dividends to be paid.

Of course, the \$75,000 advance does not constitute payment for all services incident to the above items plus other services rendered up to October 9, 1934, nor does it compensate for services rendered since that date, including stock-assessment collections totaling \$5,569,860.22 made pursuant to the decision in *Barbour v. Thomas* (7 Fed. Supp. 271) and other major matters.

In addition to this advance of \$75,000 made to Judge Marx, the following attorney fees have been paid for services rendered this trust:

Davis, Polk, Wardwell, Gardiner & Reed, 15 Broad Street, New York City.....	\$252.16
Carton & Gault, Flint, Mich.....	53.00
Lightner, Hanley, Crawford & Dodd, Detroit, Mich.....	5,000.00
Mack, Wikoff & Ross, Chicago, Ill.....	3,000.00
Bryant, Lincoln, Miller & Bevan, Detroit, Mich.....	107.85
Best & Best, Riverside, Calif.....	150.00
	8,563.01

The records of this bank indicate that approximately \$500,000 was expended for attorney services during 1931 and 1932, the 2 years prior to suspension. General claims for legal services unpaid at suspension have been allowed Messrs. Lightner, Hanley, Crawford & Dodd of Detroit, Mich., in the amount of \$16,840.55, and to Messrs. Edwards, O'Loughlin & George of New York City in the amount of \$2,540.59.

The reasons for the designation of Judges Marx and Wood as attorneys for the two receivers of insolvent national banks of Detroit were outlined in my letter of April 12, discussing the situation at the Guardian National Bank of Commerce. The results so far obtained for the depositors and other creditors by these attorneys and their associates, and the reputation they have established before the bench and the bar in Detroit, fully justify the confidence placed in them by my predecessor. As statutory trustee for the depositors and other creditors, I consider that their services have been highly satisfactory.

In order to clear up the misunderstanding that national-bank receiverships are hedged with great secrecy, I desire to respectfully call your attention to the Comptroller's annual report, which contains full information under the following headings:

All collections by receivers, collection and offsets allowed; collections from stock assessments; amounts borrowed from the R. F. C.; dividends paid by receivers to secured and unsecured creditors; distributions by conservators, payments to secured and preferred creditors; offsets allowed and settled; disbursements for protection of assets; receivers' salaries, legal and other expenses; conservators' salaries, legal and other expenses; a table showing the status, progress, and results of liquidation of all national banks placed in hands of receivers from the date of the first national bank failure in 1865 to October 31, last, the end of the fiscal year in the Comptroller's office; separate tables giving dates of appointment of receivers; capital at date of organization and at date of failure; dividends paid while solvent; total deposits, bills payable and rediscounts at date of failure; also tables showing assets at date of failure, additional assets acquired subsequent to failure; offsets allowed; disposition of all collections and dividends paid to creditors of all insolvent national banks, this information being given in detail as to each national bank.

In addition to this each receiver makes a quarterly report, showing:

Assets: Assets at date of suspension (book value as reported in receiver's first report); additional assets acquired since suspension (book value); stock assessments; total assets to be accounted for—cash collected from assets; cash collected from additional assets; cash collected from stock assessment; total cash collected from assets and stock assessment; offsets allowed on assets; losses charged off on assets and on stock assessment; remaining assets, consisting of uncollected assets, uncollected additional assets, and uncollected stock assessment; a recapitulation of remaining assets—book and estimated values—showing uncollected assets, uncollected additional assets, uncollected stock assessment, and a total of the remaining assets.

Liabilities: Secured liabilities at date of suspension; unsecured liabilities at date of suspension, additional liabilities established, total liabilities this date; secured and preferred liabilities paid in cash (paid by conservator); unsecured liabilities offset; unsecured liabilities for which receiver's certificates have been issued; unpaid secured liabilities (both proved and unproved), unsecured liabilities not paid or proved, total liabilities accounted for.

Collections and disbursements: Collections from all sources, showing cash collected from assets and stock assessment; cash

collected from interest, premium, and rents; cash collected by receiver, and held as trustee for owners; Reconstruction Finance Corporation loans received (loan to conservator); total collections to be accounted for; disbursements of every character, showing secured and preferred liabilities paid (including dividends) (paid by conservator); collateral account (collections held by secured creditors and not yet applied); advances in protection of assets (taxes, insurance, etc.); expenses of receivership (expenses and advances by conservator); dividends paid to unsecured creditors (paid by conservator); Reconstruction Finance Corporation loans repaid; cash in hands of receiver and comptroller; and total collections accounted for.

And this report is posted in the bank for the information of the depositors and creditors, and the general public.

The great solicitude of the office of the Comptroller of the Currency for the depositors of the two insolvent national banks at Detroit, the largest ever liquidated by the Comptroller, is evidenced by the loans this office has secured from the Reconstruction Finance Corporation. A total of \$139,940,000 was borrowed by the conservator and the receiver of the First National Bank to permit the payment to depositors and creditors of dividends totaling 70 percent and a total of \$28,891,200 was borrowed by the conservator and the receiver of the Guardian National Bank of Commerce, resulting in dividends to its depositors and creditors totaling 68 percent. Arrangements are now being perfected for an additional loan of approximately \$7,000,000 incident to the liquidation of the Guardian National Bank of Commerce which will permit another payment of 19 percent, making total dividends of 87 percent paid that bank's depositors and creditors. As you know, certain larger depositors of these two banks have made possible the payment in full of all depositors of the Guardian National Bank of Commerce with deposit balances at suspension of \$1,000 or less and all depositors of the First National Bank with deposit balances at suspension of \$300 or less. These payments of 100 percent could not have been made except through the splendid cooperation with this office of these unselfish large depositors who permitted small depositors to be paid in full out of their own dividends. The city of Detroit is to be congratulated in having such public-spirited citizens and I wish to express my appreciation to all the individuals and interests that contributed to the plan and particularly to their committees which gave such splendid assistance to this office.

May I thank you again for your courtesy in affording me this opportunity to deny the rumors concerning the large attorney fees that have been paid in connection with the liquidation of the two insolvent national banks at Detroit and for your willingness to assist in every way possible to insure that the depositors will obtain a maximum recovery from the bank's assets? I shall appreciate receiving your reaction to the facts stated in this letter.

A similar letter is being sent to Congressman JESSE P. WOLCOTT, and I am releasing this letter to the press.

Sincerely yours,

J. F. T. O'CONNOR,
Comptroller of the Currency.

PRELIMINARY OUTLINE OF AN ECONOMIC SYSTEM FOR THE PHILIPPINE ISLANDS

Mr. DELGADO. Mr. Speaker, the Commonwealth Government of the Philippines is about to be organized. The trade relations between the Philippines and this country are becoming of more importance. I take it that each and every Member of this House and the Senate has a sort of a Filipino file wherein they deposit data relating to America and the Philippine Islands.

I have a copy of an address delivered by the president of the National Development Co., which contains very valuable data concerning the future trade relations between America and the Philippine Islands. I ask unanimous consent to extend my remarks so that I may have that address printed in the RECORD.

The SPEAKER. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

Mr. DELGADO. Mr. Speaker, I assume that each Member of the House and Senate has what might be called a Filipino file in which is deposited information relating to the Philippine Islands.

The time is rapidly approaching when the new Commonwealth will be established for a period of 10 years.

Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following extracts from an address delivered by Mr. Joaquin M. Elizalde, president of the Philippine National Development Co., in the commencement exercises of the Jose Rizal College in Manila, P. I., March 27, 1935:

It is an undeniable fact that the most important problem confronting our nation is that which pertains to economics. As graduates of a business college, you are expected to lead in this particular field. I shall, therefore, with your indulgence, proceed to

outline what, in my opinion, is an essential problem that we must meet squarely: What economic system should the Philippines adopt?

To survive, under the pressure of modern international competition, every country has to work out an economic system of its own, and adapt it to its requirements, individual characteristics, customs, mode of living, national resources, wealth, physical strength, climate, natural resources, etc. But the success of any particular system of economy will depend upon the "purposeful selection between alternative application of resources", as Wicksteed confirms.

There are various basic forms of economy from which nations are gradually deriving their own individual systems. The three most common forms are the following:

The highly industrialized system as developed by Great Britain, United States, Japan, Germany, and others.

The agricultural and raw-material producing system such as that developed in India, Java, South Africa, and in other colonies and possessions.

The semi-industrial and agricultural which is characteristic of various smaller countries, particularly in Europe. Of these, Spain is a typical example. It produces most, if not all, its requirements for farm products. At the same time, by a judicious protective tariff system, the country manufacturers, through smaller industries, the bulk of its requirements for finished goods, with the exception of heavy machinery, automobiles, and other patented industrial products. Its exports are of rather limited scope, consisting of oranges to England, wines to France, olive oil to the United States, and some mineral products. Against these, its imports are chiefly wheat, fuel oil, gasoline, and tobacco. The invisible items, mostly in the form of freight paid to foreign vessels for exports of goods are generally against Spain, but she has a counterbalancing item in the funds that are sent back to the country by Spanish subjects in South America, Mexico, and California. Under this form of economy, Spain can boast of a stable financial system, low cost of living, high wages, relatively no foreign debt, and stable currency as compared with other countries nowadays.

Which of these three systems would be adaptable here? Let us analyze them.

1. The highly industrialized system. This is out of the question. We lack financial resources, basic materials, such as coal, iron, mineral oil, and cheap power by electricity, all essentials for industrial development.

The country is underpopulated, and our people have not had much experience in industrial labor. Moreover, the purely industrial system is one of severe competition, and is today practically monopolized by strong and experienced nations that have been at it and in control of world's markets for years; that are strongly financed and aided by low cost of production; with facilities for distribution by large fleets of merchant ships, highly subsidized for that purpose.

Japan has only recently entered this sphere of intense industrialization, and is really suffering great hardships to maintain herself therein. Embargoes and quotas are imposed on her low-priced goods by countries jealous to maintain their long established markets.

It is perfectly obvious, therefore, that this system is not feasible here and must be discarded altogether.

2. The agricultural system, which serves as the framework of our present national economy, is, at best, unstable and not conducive to progress, economic or social. It is axiomatic that colonies and possessions are producers of raw materials exclusively. Some small independent nations, principally in South America, also Siam, produce raw materials, and all of them are economically dependent on industrial countries, which, by financial assistance, eventually dominate the economic structure of the producer nation.

Under this system it is utterly impossible to attain, at any time, economic freedom and sound, stable finances. Industrial nations and manufacturers have one fixed aim in view—to purchase their raw products at the lowest possible level. It is the consistent policy of such countries to drive prices down, as much as possible, with a double purpose: One, to increase their profits; the other, to place themselves in a position to compete with other nations.

Under these conditions the producer is given very little consideration and, as I have said before, is always at the mercy of the industrial country.

Industrialists, besides, are always trying to replace high-priced raw materials for cheaper ones, and maintain research organizations for this purpose. Most industrial countries are today working on the production of synthetic rubber. If this is ever successful, all rubber-producing countries, such as the Straits Settlements, South America, and Java, will suffer, and their large investments may get to the point of becoming worthless some day. The question is, How can they prevent it?

One reason why we should not remain stagnant within the agricultural system is this: Because of our climatic and soil conditions we can raise tropical products only, materials of high competitive range. The same are produced in many other tropical countries: Coconuts in the Straits, Java, India, Borneo, Celebes, etc.; sugar in Java, India, Formosa; hemp in Sumatra; timber in Borneo; rice in Indo-China; jute in India; rubber in the Straits, Java, and Brazil; tobacco in Turkey, Brazil, and Sumatra.

It must be taken into consideration that the producers of all these commodities—which are, and will more and more become, our

most bitter competitors—are mostly countries of extremely low standards of living; countries which have not emerged from the "coolie" class, with wages between 10 and 20 centavos per day, with no limitation of hours for work, nor labor-protection laws, modern sanitation, or other requirements that give the laborer a respectable form of life but which, on the other hand, entails bigger expenses for the farmer and, consequently, higher costs of production.

It is then clear, that if we would compete with any degree of success in the world's markets with the aforementioned countries, we are doomed to discard rapidly our present standard of civilization and descend as quickly to that of the "coolie", as in Formosa, Singapore, Java, and India.

Even if a strong and economical government could provide for low taxes and give facilities, such as lower freight rates and farm financing, they would not be sufficient to allow us to compete with low-cost producing nations. Furthermore, Government assistance would become more and more difficult, as poverty would gradually undermine it.

I think, therefore, that it is to our advantage to emerge from this agricultural system, as soon as possible; before it is too late; before our finances and our credit fall so low that we shall have no alternative other than to adapt ourselves to the standards of the raw-material producing countries.

The theory is advanced that we should lower our standard of living, as a means of adjusting our economic life to existing conditions. But who wishes to see his country jump backward? Is it fair to impose on our people a standard of living that would push them down to the level of work animals? I believe that such a change imposes grave responsibilities upon those sponsoring and undertaking it, for it will unquestionably bring in its wake social unrest and violent protest from the direct sufferers. We have developed a mode of living that demands modern sanitation, public schools, good roads, efficient social service; and doing away with them now, or even curtailing such facilities for decent living would be unthinkable. No people would knowingly inflict misery upon themselves.

3. The third is the semiagricultural and industrial, which would involve the continuation of our present agricultural system, with limitations, plus the development of small industries to produce goods for local consumption. To insure success and a practical *modus vivendi* with immediate results, without sudden collapse of our finances, it is of primary importance to maintain, as much as possible, trade with the United States with preferential and reciprocal advantages.

It is possible that, by negotiations, the United States would consent to accept, in limited amounts, sugar, coconut oil, tobacco products, which are almost totally dependent on the American market. The Philippine government may endeavor to obtain, also, preferential arrangements in limited quantities for its goods that are partly dependent on the American market; among them may be included those manufactured here from our own raw materials, such as rope from hemp, coconut products, lumber, and embroideries.

All these negotiations or bargaining could be made possible by offering in exchange continued preferential trade in this country for American products which have now an established market in these Islands.

In relation to the exports of American goods to the Philippine Islands, it may be said that although their total value is not as large as the United States exports to some countries, I fully believe that American exporters are in a position to make better profits on the goods they ship to the Philippines than on those exported to other more competitive markets, where American commodities compete on an even basis against those manufactured by Japan, Great Britain, Germany, and others.

I venture to say that even in this depression American goods exported to the Philippine Islands are still sold on a profitable basis. This is probably not the case with merchandise exported to South America, China, Canada, and so forth.

Fundamentally, we shall have difficulty to sell to any country more than what we buy from it. We must endeavor to reduce our imports from Japan to counteract the present big unfavorable trade balance, unless Japan should materially increase her purchases from us, which does not appear likely at present due to her difficulties in exporting her products. The only way to do this is to establish here small industries to produce the goods that we now buy from that country in great quantities.

The all-important item, therefore, to inject into our economy the desired stability, consists in the establishment and development, at the earliest possible date, of small industries to supply our home demand and consumption.

By such industrialization, and by producing the bulk of our own agricultural requirements, we could afford a reduction in exports, now counterbalancing imports, and still have a sound trade status.

As a preliminary task of industrialization, the National Development Co. is endeavoring to perform the work of research and promotion to encourage investors. Technical men in the Departments of Agriculture and Commerce are studying the adaptability of certain industries and the possibility for their development.

It is very important, however, at this time to point out that without reasonable tariff protection industrial development would be practically impossible. I am hopeful that our Government will soon see the necessity of protection by tariff legislation to foster industrial development in this country.

There are very few industries that can prosper with the present inadequate protection, and the very strong competition from countries trying to sell their goods, regardless of price or profit.

May I also point out that one of the most important problems that we have to face is the shortage of technicians in different lines of industry. Perhaps we have many engineers and other technical men, but, unfortunately, very few of them are specialists in any particular line. If in the past our Government had sent "pensionados" abroad to work in factories rather than to take postgraduate courses in universities, today we would find many more men prepared to undertake industrial development which we are now seeking. The training of a man even though he may have adequate academical preparation is very expensive in any industry and new factories cannot possibly be opened and placed in the hands of men without practical experience, however splendid their university training might be.

In the development of basic industries, such as gold mining, iron mining, etc., we find a depressing shortage of first-class technicians with business and executive ability, with technical and practical knowledge.

I strongly urge the establishment of an industrial bank. There is imperative need of a network of industrial credit organizations sufficiently liberal in their policies, in the extension of facilities, based on personal credit, business, and technical ability. Without such aid, without an adequate financing system of the sort, the contemplated establishment of small industries to reclaim the country from its present purely agricultural condition may be impossible.

The deeper we go into this question the more we appreciate the necessity of implanting the semi-industrial and agricultural system in this country as the one most adapted to our needs to save us from being entirely dependent upon the highly industrialized nations. The operation of this system, similar to that of Spain, would avoid the dangerous disproportions in trade balances, which when favorable to us threaten our production and exports, and when unfavorable, threatens us with general economic disaster.

It is not wise at this critical period, and with our present resources, to consider the immediate establishment of a completely independent currency system or any alteration in the relation of the peso with the dollar. Our connection with the dollar gives us a strong moral credit standing which is recognized by all the world.

In our particular case, the country enjoys a tremendous inflow of invisibles from the yearly expenditures of the United States Army and Navy, amounting to millions of dollars. When such a source of wealth disappears, with our change of political status, the country will have to get it from somewhere else to keep our general economic system working smoothly. But while we are favored by such item, on the other hand, there is an increasing drain of invisibles which we pay in freight on foreign steamers.

So far we are able to tide over the great discrepancies in our trade balances with Japan by drawing from the excess in our favor in our trade with the United States. But such an impossible situation cannot last forever, as we are beginning to learn much to our chagrin. It is certain that the day we lose our favorable trade with America, our unfavorable balance with Japan will have to be settled in some way. In the end, however, the balances against us will gradually become Philippine credits from Japan and we shall, therefore, become automatically a debtor nation to her, and suffer all the onerous consequences that such a situation entails. Our debts may grow in a few years to such a point that we may become absolutely dominated financially by that nation.

The law of trade balances must be obeyed. And again I submit that, for this country, a semi-industrial and agricultural system, with a government economically operated in relation to its income, with the resources of the State regulated and administered with minimum waste, and in the interest of the nation, would be precisely the system that would elevate the country from a state of economic subservience to the ideal position of self-sufficiency.

COTTON

Mr. DEAR. Mr. Speaker, I ask unanimous consent to address the House on the subject of cotton production and the maintenance of the processing tax.

The SPEAKER. Is there objection?

There was no objection.

Mr. DEAR. Mr. Speaker, there are 2,200,000 cotton farmers in the South. There are 136,082 cotton farmers in the State of Louisiana, and 21,922 in the Eighth District of that State which I represent. Throughout the years they have been obliged to toil and sell the products of their labor in the open markets of this country and the world, and on the other hand were forced to purchase industrial goods in the protected market of the United States. The cotton farmers have wrestled with the problems of world surpluses, fluctuation of markets, climatic conditions, pests, and in my particular district with devastating floods. In 1932 they were forced to sell their cotton for as low as 4.6 cents per pound. At that time the change in the national administration brought relief and the average price received last fall

was 12.6 cents per pound. The present administration in justice long denied these farmers has given them for the first time in the Nation's history what may be termed a "farmer's tariff" in the levying of a processing tax, the benefit of which goes to the farmers as an increase in the selling price of cotton.

At this time the cotton farmer is experiencing an attack, subtle and terrific, from the textile manufacturers in this country. The farmers are told by those opposing the farmer's tariff that the processing tax is destroying the textile industry of the United States; that it is raising the cost of goods to consumer; that the tax results in encouraging foreign countries to raise more cotton and consequently that we are losing our foreign market for raw American cotton. Just at the time when the cotton producer is given a ray of hope, it is blasted by this argument, the purpose of which is to destroy the processing tax and to force the cotton producer into his former position of selling his staple at a price below the cost of production. This is a matter of utmost concern to all; for, in short, it means a chance for the farmer to own his own home and to live on the one hand or virtual slavery on the other. Cotton production is the very heart of the South. Destroy the processing tax and you will lay a withering hand not only to agriculture, but to every enterprise in that section.

It is true that our exports of cotton have declined, but that is not the result of the processing tax, as contended by the spokesmen for the textile industry. Our exports generally have decreased. This is true of lumber and other products, both of agriculture and industry. There are many factors entering into the picture which prevent the foreign customers from purchasing American cotton. Involved in these are trade barriers and the question of unstabilized exchanges. In order for foreign countries to purchase our cotton, we must necessarily purchase goods from them. We cannot expect them to purchase our cotton unless we accord them an opportunity to obtain a trade balance with us by our purchasing from them. Before any country can purchase American cotton she must be enabled to obtain American dollars with which to make the purchases. Under the unstabilized conditions and trade policies throughout the world this is difficult at this time. The price of cotton is not a controlling factor in the purchase of cotton by the foreign countries. It must be remembered that the gold price of cotton on the 29th day of April was 8.05 cents per pound, which is even a substantial advance over the gold price for March. The crop of 1924-25 brought an average of 22.9 cents per pound and of that crop the foreign countries took 8,005,000 bales; the crop of 1927-28 brought an average of 20.2 cents per pound and of that crop the foreign countries took 7,540,000 bales; whereas the crop of 1932-33 brought an average price of 6.5 cents per pound the foreign countries took 8,419,000 bales. Our export trade in cotton has been affected by factors which have affected all of our export trade. The economic trends resulting from the World War, together with other considerations, have had their depressing effect on our cotton exports. It was not brought about by the processing tax. It must be borne in mind that the processing tax is not placed on cotton shipped to foreign countries. It is paid by the manufacturers in the United States. In order to protect our manufacturers in the matter of foreign trade, the equivalent of the processing tax is deducted from the goods they manufacture and ship abroad, and to protect them in our home markets the processing tax is added to all cotton goods imported into the United States to be sold in competition with American-made goods. The conditions complained of by the textile industry of the East have not arisen overnight. Though the processing tax was only recently imposed, nevertheless we find that in New England in 1921 there were 18,702,000 spindles, and in 1933 there were 10,810,000. Regardless of that, the spokesmen for the textile industry endeavor to make it appear that these conditions were brought about by the farmer's tariff.

Those agitating the campaign against the continuance of the tax argue that it materially raises the price of goods to the consumers. However, they are confused, and some con-

tend the tax cannot be shifted to the consumer because textiles are manufactured in sharp competition with other commodities, such as rayon and other substitutes which carry no processing tax. Whereas, in order to frighten the consumer and to strengthen their cause, they also argue that the tax is passed on to the consumer and unreasonably raises the price.

What are the facts? The tax is so small that it really makes little difference in the price to the consumer. We will take a few typical examples: cotton sheet weighing 1.91 pounds, processing tax 7.6 cents per sheet; cotton work shirt weighing .89 pound, processing tax 3.4 cents per shirt; overalls weighing 2.06 pounds, processing tax 8.2 cents per pair; cotton unbleached muslin weighing .32 pound per yard, processing tax 1 cent per yard. A tax of 7 cents on 1 cotton sheet, of 3 cents on 1 work shirt, 8 cents on 1 pair of overalls, and 1 cent per yard on muslin is indeed small, and a negligible factor in the tax considerations.

The effort to destroy the benefits to the southern cotton farmers is not unexpected. In the beginning our able Secretary of Agriculture warned the American people that such an effort would be made to destroy the agricultural program, especially as it affects cotton. The prophecy has become a reality. Every effort is being made to remove the processing tax. It is suggested by some that it be paid out of the relief funds recently voted by Congress to aid the unemployed. That, of course, would mean that the tax would die with the exhaustion of the relief funds. It would be the deathknell of the processing tax, and finally the wrecking of the entire agricultural program. It has also been suggested that if any tax is paid that it should be paid out of the Treasury of the United States. If the farmers' tariff is to be paid out of the Treasury of the United States, then, by the same logic, the tariff protecting the industries of this country which increases the price of goods sold to farmers should likewise be paid out of the United States Treasury.

To illustrate how the farmer pays his tribute for the protection of American industry, he pays a protective tariff of 2 cents per pound on soap, 4½ cents on every hoe that he buys, 4 cents per pound on every trace chain, 15 percent on the cost of leather lines, 2.59 cents per pound on his rope plow lines, 37 percent ad valorem on overalls, 45 percent on cotton shirts, an average of 24 cents per pair on shoes, an average of \$1.06 on wool felt hats, and over 50 percent on the cost of a shotgun. In other words, on a pair of overalls selling for \$1 the textile manufacturer receives in tariff protection 37 cents, on a shirt selling for \$1 he receives tariff protection of 45 cents, while the "farmer's tariff" on the cotton in the shirt amounts to only 3 cents and on that in the overalls only 8 cents. Nevertheless the textile manufacturer, while retaining his protection and demanding more, would destroy the small tax which has been levied to assist the cotton farmer. If the farmer's tariff should be paid from the United States Treasury in aid of the textile industry, why not relieve the farmer and pay the protective tariff from the United States Treasury on the articles which he buys? Of course the proposition is preposterous.

This is the first administration that has ever done anything for the cotton farmers of the South. Statistics show that they have become poorer and poorer as the years went by. More and more of the cotton farmers lost their lands. Statistics show that many thousand cotton farmers throughout the belt lost their homes and became tenant farmers during the 10-year period 1920-30. They were promised relief, but nothing was done. When President Roosevelt was inaugurated he went into action. He put cash into the pockets of our farmers in contrast to only promises heretofore received. A cotton farmer received in 1932 an average of \$37.50 for a bale of cotton and seed and for the same bale and seed in 1934 he received the sum of \$80. To illustrate the benefit received by cotton farmers of Louisiana at the hands of President Roosevelt and his Secretary of Agriculture, I wish to call attention to the following authentic information furnished by the cotton section of the Department of Agriculture:

Value of cotton crop and rental and benefit payments in Louisiana, 1932, 1933, and 1934

Parish	1932 value of crop, lint and seed	1933				1934		
		Value of crop, lint and seed	Rental payments as of Mar. 31, 1934	Profits from cotton options as of Jan. 31, 1935	Value of crop plus payments	Value of crop, lint and seed	Estimated total rental and benefit payments	Value of crop plus payments
Avoyelles.....	\$628,221	\$852,139	\$152,033	\$38,922	\$1,043,094	\$1,309,031	\$206,824	\$1,515,855
Grant.....	148,948	177,314	54,214	17,871	249,399	391,558	55,728	447,286
La Salle.....	27,081	41,951	8,972	2,016	52,939	57,582	7,372	64,954
Natchitoches.....	1,113,236	1,077,016	215,959	126,796	1,419,771	2,326,313	236,476	2,562,789
Rapides.....	665,475	769,651	141,562	79,163	990,376	1,527,842	188,857	1,716,699
Sabine.....	315,190	337,366	74,646	40,989	453,001	506,722	96,060	602,782
Vernon.....	93,654	100,861	52,795	5,852	159,508	211,134	39,832	250,966
Winn.....	200,752	190,774	48,605	20,442	259,821	295,588	58,000	353,588
Total for Eighth Congressional District.....	3,192,557	3,547,072	748,786	332,051	4,627,909	6,625,770	889,149	7,514,919
Total for State of Louisiana.....	22,424,187	25,332,801	5,005,176	2,586,839	32,924,816	38,388,000	6,215,458	44,603,458

This tells the story of the cotton farmer. Briefly, the amount of money each parish in my district received for last year's crop over the amount received for the crop of 1932-33 is as follows: Avoyelles, \$887,634; Grant, \$298,338; La Salle, \$37,873; Natchitoches, \$1,449,553; Rapides, \$1,051,224; Sabine, \$287,592; Vernon, \$157,312; Winn, \$152,836; a combined total of \$4,322,362 for the Eighth District. The farmers of the entire State of Louisiana received for their last crop \$22,179,271 more than they received for the 1932 crop.

We in Louisiana—and in my opinion the thinking people of the Nation—appreciate the tremendous burden placed upon the leadership of the Democratic Party in bringing about adjustment in American life made necessary by the misrule of 12 years of Republican administration. We all know that in this gigantic readjustment some mistakes will be made and that apparent injustices will appear in the program. That is true in all large undertakings. Those of us supporting the present administration have an abiding faith in our Chief Executive and a sympathetic cooperation in aiding and assisting him in restoring confidence to this country, and especially in his effort to rehabilitate the great agricultural sections of the Nation. The President's sympathies and efforts encompass the welfare of all the people of our Nation, and the textile industry should join hands with him in his desire to improve the condition of the farmers of the South. They should realize that their best domestic markets are in the agricultural sections of this country. If the processing tax is destroyed it means the destruction of the purchasing power of the farmers of the South, and likewise the destruction of the domestic market for the goods of the industrial sections. There is no place in this program for partisan politics or sectionalism, and efforts of those to inject the same into the consideration of this question is against the best interest of the Nation as a whole. The cotton farmers of the South are as much a part of labor as the arm is a part of the body, and if this Nation is to prosper I warn the industrial sections not to bleed white the labor of the South. The farmers of Louisiana, and especially those of my congressional district, can rest assured that the attacks being made on the agricultural program will be challenged at every opportunity. This administration will continue its efforts to better the conditions of the farmer, and it is my opinion that the processing tax will not be removed, but, on the other hand, that further assistance will be given to them whereby they will be enabled to maintain themselves and their families consistent with American standards and American life.

The farmers of the State of Louisiana, with gratitude in their hearts for what a great President has already done for them, will follow him in confidence in the future. Under his leadership the farmers of my district can see the light of the dawn on the horizon of a new day for agriculture and will loyally follow his administration into the full light of that new day of rehabilitation and recovery, not only for the farmers but for the people of a grateful nation.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein a newspaper article to which I referred earlier in the day.

The SPEAKER. Is there objection?

There was no objection.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen; to the Committee on Naval Affairs.

S. 159. An act to amend the provision in the act approved March 3, 1931, governing the computation of commissioned service of Naval Academy graduates who have been retired for age or service ineligibility for promotion; to the Committee on Naval Affairs.

S. 373. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson; to the Committee on Claims.

S. 376. An act to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah; to the Committee on Agriculture.

S. 377. An act to grant to the Utah Gilsonite Co. the right to use a water well on certain public lands in Utah; to the Committee on the Public Lands.

S. 616. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

S. 918. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works; to the Committee on Claims.

S. 985. An act for the relief of Hudson Bros., of Norfolk, Va.; to the Committee on Claims.

S. 1030. An act for the relief of the Mutual Savings & Loan Association, Wilmington, Del.; to the Committee on Claims.

S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes; to the Committee on Naval Affairs.

S. 1214. An act for the relief of Oliver B. Huston, Anne Huston, Jane Huston, and Harriet Huston; to the Committee on Claims.

S. 1277. An act to amend section 24 of the Judicial Code by conferring on district courts additional jurisdiction of bills of interpleader; to the Committee on the Judiciary.

S. 1379. An act to amend section 103 of the Code of Criminal Procedure for the Canal Zone and section 542 of the Code of Civil Procedure for the Canal Zone; to the Committee on Merchant Marine and Fisheries.

S. 1380. An act to regulate the defense of alibi in criminal cases; to the Committee on the Judiciary.

S. 1426. An act providing for the appointment of Harry T. Herring, formerly a lieutenant colonel in the United States

Army, as a lieutenant colonel in the United States Army and his retirement in that grade; to the Committee on Military Affairs.

S. 1470. An act to provide a preliminary examination of Spokane River and its tributaries in the State of Idaho, with a view to the control of their floods; to the Committee on Flood Control.

S. 1495. An act authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his separation; to the Committee on Military Affairs.

S. 1497. An act to authorize the appointment of First Lt. Claude W. Shelton, retired, to the grade of captain, retired, in the United States Army; to the Committee on Military Affairs.

S. 1505. An act for the relief of William Edward Tidwell; to the Committee on Military Affairs.

S. 1626. An act for the refunding of certain countervailing customs duties collected upon logs imported from British Columbia; to the Committee on the Judiciary.

S. 1824. An act for the relief of Abraham Green; to the Committee on Claims.

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes; to the Committee on the Public Lands.

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes"; to the Committee on the Public Lands.

S. 2193. An act to provide for the construction, extension, and improvement of public-school buildings in Duchesne County, Utah; to the Committee on Indian Affairs.

S. 2215. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929, as amended; to the Committee on Agriculture.

S. 2225. An act authorizing adjustment of the claim of the Western Union Telegraph Co.; to the Committee on Claims.

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; to the Committee on Foreign Affairs.

S. 2292. An act for the relief of Emanuel Wallin; to the Committee on the Public Lands.

S. 2298. An act for the relief of Sallie S. Twilley; to the Committee on Claims.

S. 2312. An act for the relief of the Western Construction Co.; to the Committee on Claims.

S. 2356. An act to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Public Buildings and Grounds.

S. 2407. An act for the relief of Gordon McGee; to the Committee on Military Affairs.

S. 2453. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

S. 2471. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

S. 2516. An act for the relief of Anthony J. Constantino; to the Committee on Military Affairs.

S. 2647. An act authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors, materialmen, and laborers for material and labor furnished in the construction of a post-office building at Hempstead, N. Y.; to the Committee on Public Buildings and Grounds.

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code; to the Committee on the Judiciary.

S. J. Res. 56. Joint resolution authorizing the publication as a public document of America Secure: Analytical Register of Regular Army Officers and Security Statistics, with Graphs, 1775-1935; to the Committee on Military Affairs.

S. J. Res. 89. Joint resolution directing the Comptroller General to readjust the account between the United States and the State of Vermont; to the Committee on War Claims.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6223. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1488. An act for the relief of Rose Burke;
H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;

H. R. 2464. An act for the relief of C. H. Hoogendorn;
H. R. 2473. An act for the relief of William L. Jenkins;
H. R. 3098. An act for the relief of Bertha Ingmire;
H. R. 3275. An act for the relief of Fred L. Seufert;
H. R. 3370. An act for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.;

H. R. 3787. An act for the relief of Robert D. Hutchinson;
H. R. 3911. An act for the relief of Sarah J. Hitchcock;
H. R. 5133. An act for the relief of Nellie Oliver;

H. R. 6084. An act to authorize the city of Ketchikan, Alaska, to issue bonds in any sum not to exceed \$1,000,000 for the purpose of acquiring the electric light and power, water, and telephone properties of the Citizens' Light, Power & Water Co., and to finance and operate the same, and validating the preliminary proceedings with respect thereto, and for other purposes;

H. R. 6223. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes; and

H. R. 7132. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 1 minute p. m.), the House adjourned until tomorrow, Saturday, May 4, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

(Saturday, May 4, 10 a. m.)

Will continue hearings on the bill (H. R. 7521) pertaining to merchant marine subsidy.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GILCHRIST: Committee on Agriculture. H. R. 2066. A bill to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same; without amendment (Rept. No. 819). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on Irrigation and Reclamation. H. R. 6773. A bill to deepen the irrigation channel between Clear Lake and Lost River, in the State

of California, and for other purposes; without amendment (Rept. No. 820). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H. R. 5723. A bill to give certain railway postal clerks the same time credits for promotion purposes as were given others who were promoted on July 1, when automatic promotions were restored; without amendment (Rept. No. 821). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 5596. A bill granting equipment allowance to third-class postmasters; without amendment (Rept. No. 822). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5151) granting a pension to Rebecca Paterson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2997) granting a pension to Harriett Ware; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2994) granting a pension to Adah C. Seed; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2523) for the relief of Walter C. Blake; Committee on Military Affairs discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MARTIN of Colorado: A bill (H. R. 7873) to give the consent and approval of Congress to the extension of the terms and provisions of the present Rio Grande compact signed at Santa Fe, N. Mex., on February 12, 1929, and heretofore approved by act of Congress dated June 17, 1930, Public, No. 370, Seventy-first Congress (46 Stat. 767); to the Committee on Irrigation and Reclamation.

By Mr. PALMISANO: A bill (H. R. 7874) to change the name of the German Orphan Asylum Association of the District of Columbia to the German Orphan Home of the District of Columbia; to the Committee on the District of Columbia.

By Mr. KIMBALL: A bill (H. R. 7875) to provide for the transfer of certain land in the city of Charlotte, Mich., to such city; to the Committee on Public Buildings and Grounds.

By Mr. SAUTHOFF: A bill (H. R. 7876) to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts; to the Committee on the Judiciary.

By Mr. SMITH of Virginia: A bill (H. R. 7877) to revive and reenact the act entitled "An act authorizing the Great Falls Bridge Co. to construct, maintain, and operate a bridge across the Potomac River at or near Great Falls", approved April 21, 1928; to the Committee on Interstate and Foreign Commerce.

By Mr. RAMSPECK: A bill (H. R. 7878) to amend the Classification Act of March 4, 1923, as amended; to the Committee on the Civil Service.

By Mr. SMITH of Virginia: A bill (H. R. 7879) to provide for the purchase of certain property in Alexandria, Va., used by George Washington, with a view to preservation of such property as a national shrine; to the Committee on the Public Lands.

By Mr. DIMOND: A bill (H. R. 7880) to authorize the incorporated town of Sitka, Alaska, to construct a municipal electric-generating station and electric-distribution system, and for such purposes to issue bonds in any sum not exceeding \$52,000; to the Committee on the Territories.

Also, a bill (H. R. 7881) to authorize the incorporated town of Sitka, Alaska, to construct a municipal gymnasium and athletic field and for such purposes to issue bonds in any sum not exceeding \$23,000, and to authorize said town to accept grants of money to aid it in financing any public works; to the Committee on the Territories.

Also, a bill (H. R. 7882) to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange and for such purposes to issue bonds in any sum not exceeding \$75,000, and to authorize said city to accept grants of money to aid it in financing any public works; to the Committee on the Territories.

By Mr. FULMER: A bill (H. R. 7883) to limit appointments hereafter made to the Interstate Commerce Commission so that not more than one individual from any one Federal land-bank district shall serve thereon; to the Committee on Interstate and Foreign Commerce.

By Mr. LEMKE: A bill (H. R. 7884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. McLEOD: A bill (H. R. 7885) to amend the act entitled "An act to provide for the appointment of Army field clerks and field clerks, Quartermaster Corps, as warrant officers, United States Army"; to the Committee on Military Affairs.

By Mr. CANNON of Missouri: Joint resolution (H. J. Res. 271) for the designation of a street to be known as "Missouri Avenue"; to the Committee on the District of Columbia.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Florida, regarding the campaign for the eradication of the Mediterranean fruit fly; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Connecticut, regarding the enlargement of the veterans' hospital at Newington, Conn.; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN: A bill (H. R. 7886) for the relief of Merritt Rea; to the Committee on Claims.

Also, a bill (H. R. 7887) granting an increase of pension to Carl Enevoldsen; to the Committee on Pensions.

By Mr. DEMPSEY: A bill (H. R. 7888) for the relief of Rhuea Pearce; to the Committee on Claims.

By Mr. DIMOND: A bill (H. R. 7889) for the relief of Werner Ohls; to the Committee on Claims.

By Mr. MEAD: A bill (H. R. 7890) for the relief of William Arthur Elmore; to the Committee on Naval Affairs.

By Mr. SNYDER: A bill (H. R. 7891) granting an increase of pension to Ella N. Herwick; to the Committee on Invalid Pensions.

By Mr. WELCH: A bill (H. R. 7892) for the relief of Ada E. Sivley and George C. Sivley; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8226. By Mr. CARTER of California: Assembly Joint Resolution No. 38, State of California, memorializing the President and Congress to enact House Joint Resolution No. 143, authorizing the Distinguished Service Medals to Tony Siminoff, Oliver F. Rominger, and Robert E. Beck, veterans of the Philippine Insurrection; to the Committee on Military Affairs.

8227. By Mr. FORD of California: Memorial of the California State Assembly, favoring House bill 2772, declaring the 9th day of September, California's Admission Day, a legal

holiday for all officers and employees of the United States whose headquarters are in California; to the Committee on the Judiciary.

8228. By Mr. GOODWIN: Petition of the Dairymen's League, Bloomingburg, Sullivan County, N. Y., opposing the passage of the Eastman bill (S. 1629); to the Committee on Interstate and Foreign Commerce.

8229. By Mr. KENNEY: Petition of the Board of Social Service of the Episcopal Church in the Diocese of Newark, endorsing the Pettengill bill (H. R. 6472); to the Committee on Interstate and Foreign Commerce.

8230. Also, petition of Columbia Council, No. 8, of New Jersey, representing the Sons and Daughters of Liberty, urging upon Congress favorable consideration and immediate passage of House bill 5921; to the Committee on Immigration and Naturalization.

8231. By Mr. MARTIN of Massachusetts: Memorials of the General Court of Massachusetts, relative to protection of American industry and employees from foreign competition and requesting the President to exercise certain powers under the National Industrial Recovery Act for the benefit of the cotton textile industry; to the Committee on Ways and Means.

8232. By Mr. PFEIFER: Petition of Lea & Perrins, Inc., New York, concerning bill to amend the Agricultural Adjustment Act (H. R. 7713); to the Committee on Agriculture.

8233. By Mr. RUDD: Petition of War Veterans and Sons' Association, John Martin, secretary, room 13, Borough Hall, Brooklyn, N. Y., concerning the passage of House bill 5541; to the Committee on the Judiciary.

8234. By Mr. TRUAX: Petition of Cleveland Wire Cloth & Manufacturing Co., Cleveland, Ohio, by their president, A. L. Crone, urging a continuance of the excise tax on foreign copper of 4 cents per pound being a part of revenue bill, 1932, which automatically expires in June of this year unless renewed by Congress; to the Committee on Ways and Means.

8235. Also, petition of the Toledo Women's Trade Union League, Toledo, Ohio, by their secretary, Margaret Brangan, urging support of the Wagner labor disputes bill, as they believe it will mean a strengthening of section 7a by providing more adequate enforcement, the outlawing of company unions, and the fulfillment of the great promise of the new deal to labor of the right to organize and bargain collectively; and favoring the reenactment of the National Recovery Act; to the Committee on Labor.

8236. Also, petition of the Howland Women's Nonpartisan Club, Howland, Ohio, by their secretary, Olive E. McBride, urging support of the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

8237. Also, petition of the Great Lakes Regional Advisory Board, Cleveland, Ohio, by Frank H. Baer, general secretary, opposing Government ownership and operation of railroads and any tendency thereto, as Government ownership and operation of railroads in the United States would inevitably introduce political influences into rate making, employment, service, and construction, and abandonment of facilities regardless of adequacy, efficiency, and economy; to the Committee on Interstate and Foreign Commerce.

8238. Also, petition of members of the Blind Post, No. 5, D. V. U. S., by Harold J. Distelzweg, commander, asking support of House bill 5055, by Congressman DOCKWEILER, as only 9 of the 40 blind veterans in their post receive pensions and the facility is put to great expense to care for them; to the Committee on Pensions.

8239. By Mr. WELCH: Assembly Joint Resolution No. 51 of the California State Legislature, relative to memorializing the President and the Congress to enact legislation (H. R. 2772) declaring Admission Day a holiday for all officers and employees of the United States whose headquarters are in California; to the Committee on Expenditures in the Executive Departments.

8240. By the SPEAKER: Petition of the Faust Post, No. 281, American Legion; to the Committee on Ways and Means.

8241. Also, petition of the Chamber of Commerce of the State of New York; to the Committee on Ways and Means.

8242. Also, petition of the Women's Missionary Society of the First Methodist Church South, of Lexington, Ky.; to the Committee on Naval Affairs.

8243. Also, petition of the American Cotton Manufacturers Association, of Charlotte, N. C.; to the Committee on Agriculture.

8244. Also, petition of the Common Council of the city of Delaware, Ohio; to the Committee on the Judiciary.

8245. Also, petition of the Journeymen Tailors Union of America, Local No. 1, New York City; to the Committee on the Judiciary.

8246. By Mr. BUCKBEE: Petition of the members of Fred Bennitt Camp, No. 3, United Spanish War Veterans, Pontiac, Ill., urging Congress to pass House bill 6995 to restore the Spanish War veterans' pensions; to the Committee on Pensions.

8247. By Mr. BUCKLER of Minnesota: Petition of Arthur N. Barnard, president, and K. G. A. Springer, secretary, of the Civic and Commerce Association of Fergus Falls, Otter Tail County, Minn., praying for the passage of House bill 3263, the so-called "Pettengill bill"; to the Committee on Interstate and Foreign Commerce.

8248. Also, petition of L. Jensen, president, and Edward D. Rydeen, secretary-manager, of the board of directors of the Cooperative Creamery Association, of Clearbrook, Minn., praying for the maintenance of the 1930 tariff structure as applied to dairy products; to the Committee on Ways and Means.

8249. Also, petition of the Ralph Gracie Post, No. 14, of the American Legion of Bemidji, of Beltrami County, Minn., praying for opposition and negative action of Congress to the proposed setting off of the private lands along east and north shores of Red Lake in Beltrami County, Minn., and adding them to the Red Lake Indian Reservation; to the Committee on the Public Lands.

8250. Also, petition of Albert Henderson, commander, and Swan Neslund, adjutant, and members of the American Legion, Department of Minnesota, of Clearbrook and vicinity in Minnesota, asking for passage of the Smith bill (H. R. 6995) to restore pensions to veterans of the Boxer Rebellion and Philippine Insurrection; to the Committee on Pensions.

8251. By Mr. McCORMACK: Resolution of the Massachusetts Legislature, memorializing Congress in favor of requesting the President of the United States to exercise certain powers under the National Industrial Recovery Act for the benefit of the cotton-textile industry; to the Committee on Appropriations.

8252. Also, resolution of the Massachusetts Legislature, relative to protection of American industry and employees from foreign competition; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 4, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, we pray in the name of Him, whose face was marred, whose hands were pierced, and who denied Himself even unto death. We praise Thee, for He sings the deathless song of the immortal soul. Thou who art our Father, lift us to the gleaming hilltops of spiritual life and power. In Thee life is made worthy when we take the cup which Thou hast forever filled. Holy Spirit, urge us to altruistic planning, noble thinking, and generous doing. We pray that these may work through us in the wasted places of humanity. Grant that our ambition may be to gain distinction through deeds and to make it increasingly known that we are clean hearted, clean handed, and clean tongued; thus we shall ascend into the holy hill where dwell the good and the nobly great. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.